

# Articles of Incorporation of the Investment Trusts Association, Japan

Established on July 10, 1957  
Revised on January 19, 1959  
Revised on March 31, 1960  
Revised on April 23, 1962  
Revised on April 18, 1964  
Revised on February 4, 1966  
Revised on August 31, 1966  
Revised on April 28, 1967  
Revised on September 30, 1967  
Revised on April 30, 1968  
Revised on April 30, 1969  
Revised on February 20, 1970  
Revised on September 21, 1971  
Revised on September 13, 1972  
Revised on August 17, 1973  
Revised on August 16, 1974  
Revised on September 19, 1975  
Revised on September 17, 1976  
Revised on September 16, 1977  
Revised on November 29, 1977  
Revised on September 22, 1978  
Revised on September 19, 1980  
Revised on March 20, 1981  
Revised on July 17, 1981  
Revised on November 24, 1983  
Revised on October 29, 1985  
Revised on January 26, 1988  
Revised on September 29, 1988  
Revised on October 22, 1993  
Revised on February 20, 1998  
Revised on November 27, 1998  
Revised on June 13, 2000  
Revised on November 17, 2000  
Revised on September 21, 2001  
Revised on January 20, 2006  
Revised on February 16, 2007  
Revised on September 21, 2007  
Revised on June 30, 2008  
Revised on June 30, 2011  
Revised on June 29, 2012  
Revised on March 31, 2017  
Revised on June 30, 2020  
Revised on June 30, 2021

## Chapter 1 General Provisions

### Article 1. Name

This Corporation shall be called The Investment Trusts Association, Japan.

### Article 2. Office

This Corporation shall have its principal office in Chuo-ku, Tokyo.

## Chapter 2 Purpose and Business

### Article 3. Purpose

The purpose of this Corporation is to contribute to the sound development of the investment management business, etc., such as investment trusts and investment corporations, and to the protection of investors.

### Article 4. Business

1. In order to achieve the purpose stipulated in the preceding article, this Corporation conducts the following business:

- (1) Guidance, recommendations, and other services to Full Members (meaning Full Members as stipulated in Article 7, Paragraph 1, Item 1; the same shall apply hereinafter) and financial instruments intermediary service providers (meaning a financial instruments intermediary service provider registered pursuant to the provisions of Article 66-3 of the Act on Investment Trusts and Investment Corporations with a Full Member as its entrusting financial instruments business operator, etc. (meaning the Entrusting Financial Instruments Business Operator, etc. as stipulated in Article 66-2, paragraph (1), item (iv) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”); the same shall apply hereinafter), which is a financial instruments intermediary service provider that, upon entrustment by a Full Member (limited to Full Members registered as operators of Type II Financial Instruments Business pursuant to the provisions of Article 29 of the same Act), conducts the handling of public offering or private placement of beneficiary certificates (including the book-entry transfer beneficial interest in an investment trust; the same shall apply hereinafter) for the Full Member; the same shall apply hereinafter) to ensure that Full Members and financial instruments intermediary service providers comply with the provisions of the FIEA, the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”) and other laws and regulations in conducting the financial instruments business, etc.
- (2) With regard to the financial instruments business, etc. conducted by Full Members and financial instruments intermediary service providers, the services of making asset management appropriate, including public offering or private placements of beneficiary certificates, etc. (including beneficiary certificates, investment securities (including book-entry transfer investment equity) or investment corporation bond certificates (including book-entry transfer investment corporation bonds); the same shall apply hereinafter) and other transactions, and other services necessary for protecting investors, including investigations, guidance, and recommendation;
- (3) Investigation of the status of compliance of Full Members and financial instruments intermediary service providers with the FIEA, the Investment Trust Act, orders based on these laws, dispositions based thereon, or this Corporation’s Articles of Incorporation and other rules (including resolutions of the Board of Directors; the same shall apply hereinafter), or the basic terms and conditions of the investment trust, the Certificate of Incorporation of the investment corporation, or the principle of good faith in transactions;
- (4) Settlement of complaints from investors concerning the financial instruments business, etc. conducted by Full Members and financial instruments intermediary service providers;

- (5) Mediation in cases where there is a dispute over the financial instruments business, etc. conducted by Full Members and financial instruments intermediary service providers;
- (6) Establishment of rules (including resolutions of the Board of Directors) and other services necessary for ensuring the fairness of services pertaining to financial instruments business, etc. conducted by Full Members and financial instruments intermediary service providers;
- (7) Services concerning the protection of personal information handled by Full Members and financial instruments intermediary service providers;
- (8) Enlightening and disseminating knowledge pertaining to investment trusts and investment corporations;
- (9) Preparation and publication of statistics, etc. concerning investment trusts and investment corporations;
- (10) Investigation, research, and publication of investment trusts and investment corporations;
- (11) Communication and coordination of opinions between members and organizations, etc. (including organizations related to overseas investment trusts) related to the investment trust entrustment business, etc. (meaning the acts listed in Article 2, paragraph (8), item (xii)(a) of the FIEA or the acts listed in item (xiv) of the same paragraph on a regular basis; the same shall apply hereinafter);
- (12) Proposals, requests, and communications to relevant authorities and other relevant organizations (including relevant overseas organizations);
- (13) Registration work of sales representatives conducted pursuant to the provisions of Article 64-7, paragraph (1) of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of the same Act; and
- (14) In addition to what is listed in the preceding items, publicity to investors and other services necessary for achieving the purpose of this Corporation.

2. The business stipulated in the preceding paragraph shall be conducted throughout Japan.

#### Article 5. Operational Rules, etc.

1. This Corporation shall establish its operational rules that stipulate the methods of execution of the services necessary for proper and reliable execution of the services stipulated in the preceding article.
2. Necessary matters concerning the enforcement of the Articles of Incorporation shall be stipulated by the Rules on Enforcement of Articles of Incorporation (hereinafter referred to as the “Rules on Enforcement of Articles of Incorporation”).

#### Article 6. Establishment, Revision, or Abolition of Rules, etc.

The establishment, revision, and abolition of the Operational Rules; the Rules on Enforcement of Articles of Incorporation; and other rules (including resolutions of the Board of Directors) shall be made by a resolution of the Board of Directors.

## Chapter 3      Members

### Article 7.      Members of Corporation

1. The members of this Corporation shall be Full Members and Supporting Members. A person who may become a Full Member or a Supporting Member shall be any of the persons listed in the following items:
  - (1) Full Member: A person who has been registered to engage in investment management business pursuant to the provisions of Article 29 of the FIEA (limited to a person who engages in the acts on a regular basis listed in Article 2, paragraph (8), item (xii)(a) of the same Act or the acts listed in item (xiv) of the same paragraph) and a trust company, etc. that is to become a trustee of an investment trust managed without instructions from the settlor as stipulated in Article 47 of the Investment Trust Act (meaning a trust company or a financial institution engaged in trust business licensed pursuant to the provisions of Article 3 or Article 53 of the Trust Business Act (Act No. 154 of 2004)); or
  - (2) Supporting Member: a corporation that agrees with the purpose of the Authorized Financial Instruments Firms Association, the Certified Financial Instruments Business Association, Certified Investor Protection Organizations or the Association and cooperates in its activities and engages in business related to the investment trust entrustment business, etc.
2. Full Members stipulated in the preceding paragraph shall be members stipulated in the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006; hereinafter referred to as the “General Corporation Act”) and members stipulated in Article 78, paragraph (2) of the FIEA.

### Article 8.      Admission Procedures

1. A person who intends to become a Full Member or a Supporting Member of this Corporation must submit to this Corporation an application for admission containing the matters stipulated in the Rules on Enforcement of Articles of Incorporation according to the type of member to be admitted and obtain the approval of the Board of Directors.
2. The documents stipulated by the Rules on Enforcement of Articles of Incorporation shall be attached to an application for admission submitted by a person who intends to become a Full Member or a Supporting Member.

### Article 9.      Refusal of Admission

1. This Corporation may refuse any admission to this Corporation if any person who has made an application for admission as a Full Member falls under any of the following items:
  - (1) A person who has violated laws and regulations, a disposition by the competent government agency based on laws and regulations, or the Articles of Incorporation or other rules of this Corporation, and has received a disposition of rescission of registration based on laws and regulations or expulsion from this Corporation;
  - (2) If an application for admission or the documents attached thereto stipulated in the preceding article contain any false statement or fail to state any material particulars;
  - (3) If a business suspension or a business improvement order has been issued by a government agency in



accordance with laws and regulations, it is found that a management control environment for realizing proper business operations has not been established even at the time of application; or

(4) When a person falls under any of the other grounds stipulated in the Rules on Enforcement of Articles of Incorporation.

2. When a person who has applied for admission as a Supporting Member of this Corporation falls under any of the items of the preceding paragraph, this Corporation may refuse the admission.

Article 10. Notification of Member Representative, etc.

1. A Full Member who has obtained approval for admission pursuant to the provisions of Article 8, Paragraph 1 shall, pursuant to the provisions of the Rules on Enforcement of Articles of Incorporation, immediately designate one (1) person representing the Full Member (hereinafter referred to as the “Full Member Representative”) for the business of this Corporation and one (1) or less agent of the Full Member Representative and notify this Corporation to that effect.

2. A Supporting Member who has obtained approval for admission pursuant to the provisions of Article 8, Paragraph 1 shall notify this Corporation of a person who represents the Supporting Member pursuant to the provisions of the Rules on Enforcement of Articles of Incorporation.

3. Any Full Member or Supporting Member shall notify this Corporation of any change in the member representative (meaning the Full Member Representative stipulated in Paragraph 1 and the person representing the Supporting Member stipulated in Paragraph 2) or its agent (meaning the agent stipulated in Paragraph 1) that has been notified to this Corporation.

Article 11. Admission Fees, Membership Fees, etc.

1. A Full Member who has obtained approval for admission to this Corporation shall pay the admission fee.

2. Any Full Member and Supporting Member shall pay the membership fee.

3. The amount of the admission fee and membership fee stipulated in the preceding two paragraphs, the method of payment thereof, and other necessary matters shall be governed by the Rules on Admission Fees and Membership Fees stipulated in the General Meeting.

4. In cases where this Corporation has resolved to collect special membership fees that it finds necessary for appropriating to special expenditures at the General Meeting, Full Members shall pay special membership fees pursuant to the provisions thereof.

Article 12. Matters to be Reported by Full Members

When a Full Member has come to fall under any of the events stipulated in the Rules on Enforcement of Articles of Incorporation or other rules, the Full Member shall report the contents of the events and other necessary matters to this Corporation without delay.

Article 13. Matters to be Notified by Supporting Members

When a Supporting Member has come to fall under any of the events stipulated in the Rules on Enforcement of Articles of Incorporation, the Supporting Member shall notify this Corporation to that effect without delay.

Article 14. Submission of Materials, etc.

1. When this Corporation finds it necessary and appropriate for the public interest or protection of investors, it may request a Full Member to submit reports or materials that will be helpful for understanding the business of the financial instruments business, etc. pertaining to investment trusts and investment corporations operated by the Full Member or financial instruments intermediary service provider, or to give explanations in writing or orally.
2. When a Full Member is requested to submit reports or materials or give an explanation pursuant to the provisions of the preceding paragraph, the Full Member shall not refuse such request without justifiable grounds.

Article 15. Investigation

1. With regard to the business of the financial instruments business, etc. pertaining to investment trusts and investment corporations operated by Full Members, this Corporation may investigate the status of compliance with the FIEA, the Investment Trust Act, orders based on these laws, dispositions based thereon, this Corporation's Articles of Incorporation or other rules, the basic terms and conditions of the investment trust, the Certificate of Incorporation of the investment corporation, or the principle of good faith in transactions of the Full Members or financial instruments intermediary service providers, as well as the status of the business or property of the members, or the status of books and documents, or any other property thereof.
2. Full Members shall respond to the investigation conducted by this Corporation pursuant to the provisions of the preceding paragraph.

Article 16. Voluntary Withdrawal

A Full Member or a Supporting Member may voluntarily withdraw from membership at any time by submitting a Notification of Withdrawal from Membership stipulated in the Rules on Enforcement of Articles of Incorporation.

Article 17. Disposition of Members

1. When a Full Member has come to fall under any of the following, this Corporation may, after giving the Full Member an opportunity for explanation, impose a fine on, suspend or restrict membership rights of, or expel the Full Member. The expulsion shall be made based on a resolution of the General Meeting, and the imposition of a fine and the suspension or restriction of membership rights shall be made based on a resolution of the Board of Directors within the scope of the degree of disposition stipulated in the Rules on Disposition of Members, etc.:
  - (1) When it is found that the matters stated in the application for admission stipulated in Article 8 or the attached documents stipulated in the Rules on Enforcement of Articles of Incorporation submitted to this Corporation have been falsely stated or lacked any material particulars;
  - (2) When a Full Member fails to pay the admission fee, membership fee, or special membership fee

stipulated in Article 11 by the prescribed due date;

- (3) When a Full Member fails to make a report stipulated in Article 12 or makes a false report;
  - (4) When a Full Member fails to submit or explain the reports or materials stipulated in Article 14 or submits or explains false reports or materials;
  - (5) When a Full Member refuses, interferes with, or evades the investigation stipulated in Article 15;
  - (6) When a Full Member violates the FIEA, the Investment Trust Act, an order based on these laws, or any disposition based thereon, the Association's Articles of Incorporation or other rules, the basic terms and conditions of the investment trust, or the Certificate of Incorporation of the investment corporation, or has committed any act contrary to the principle of good faith in transactions; or
  - (7) When a Full Member has otherwise disrupted the order or reputation of this Corporation.
2. This Corporation may, when it finds that a Supporting Member falls under any of the following items, after giving the Supporting Member an opportunity for explanation, make a disposition of expulsion by a resolution of the Board of Directors:
- (1) When it is found that the matters stated in the application for admission stipulated in Article 8 submitted to this Corporation have been falsely stated or lacked any material particulars;
  - (2) When a Supporting Member fails to pay the membership fee stipulated in Article 11 by the prescribed due date;
  - (3) When a Supporting Member falls under the events stipulated in the Rules on Enforcement of Articles of Incorporation or other rules; or
  - (4) When a Supporting Member has otherwise disrupted the order or reputation of the Association.
3. The disposition of expulsion of a Supporting Member pursuant to the provisions of the preceding paragraph shall be made by a majority of two-thirds (2/3) or more of the voting rights of the Board of Directors.

#### Article 18. Recommendations to Full Members

When this Corporation finds that its Full Member's status of compliance with the FIEA, the Investment Trust Act, orders based on these laws, or dispositions based thereon, or this Corporation's Articles of Incorporation or other rules, the basic terms and conditions of the investment trust, the Certificate of Incorporation of the investment corporation, or the principle of good faith in transactions, or the status of the business of asset management, etc. or the status of property is inappropriate, it may make a recommendation by indicating the grounds therefor.

#### Article 19. Loss of Full Membership Qualification

In addition to the case of Article 16 or Article 17, Paragraph 1, a Full Member shall lose its qualification when it falls under any of the following:

- (1) When a Full Member loses the membership qualification stipulated in Article 7, Paragraph 1, Item 1;
- (2) When all Full Members consent; or
- (3) When the relevant Full Member has been dissolved.

Article 20. Loss of Qualification of Supporting Members

In addition to the case of Article 16 or Article 17, Paragraph 2, a Supporting Member shall lose its qualification when the Supporting Member is dissolved.

Article 21. List of Members

1. This Corporation shall prepare a Full Member list and a Supporting Member list, keep them at the principal office of this Corporation, and make them available for public inspection.
2. Matters to be stated in the Full Member list and the Supporting Member list shall be stipulated in the Rules on Enforcement of Articles of Incorporation.

## Chapter 4 General Meeting

Article 22. Configuration

1. The General Meeting shall consist of all Full Members.
2. The General Meeting stipulated in the preceding paragraph shall be the General Meeting of Members stipulated in the General Corporation Act.

Article 23. Authority

The General Meeting shall resolve the following matters:

- (1) Expulsion of a Full Member;
- (2) Appointment or dismissal of Directors and Auditors;
- (3) Total amount of remuneration, etc. for Directors and Auditors and payment standards;
- (4) Approval of balance sheet and profit and loss statement, and annexed detailed statements thereof;
- (5) Amendment of Articles of Incorporation;
- (6) Dissolution and disposition of residual assets; or
- (7) Other matters stipulated by laws and regulations or these Articles of Incorporation as those to be resolved at the General Meeting.

Article 24. Holding

The General Meeting shall be held once as an Ordinary General Meeting within three months after the end of each business year, and an Extraordinary General Meeting shall be held, as necessary.

Article 25. Convocation

1. The General Meeting shall be convened by the Chairperson based on a resolution of the Board of Directors unless otherwise stipulated by laws and regulations.
2. A Full Member who holds one-fifth (1/5) or more of the voting rights of all Full Members may request the Chairperson to convene a General Meeting by indicating the matters that are the purpose of the meeting and the reason for the convocation.

Article 26. Chairperson

The chairperson of the General Meeting shall be the Chairperson.

Article 27. Voting Rights

The number of voting rights at a General Meeting shall be one for each Full Member.

Article 28. Resolution

1. Resolutions of a General Meeting shall be made by a majority of the voting rights of the Full Members present at the meeting where the Full Members who hold a majority of the voting rights of all Full Members are present.
2. Notwithstanding the provisions of the preceding paragraph, the following resolutions shall be made by a majority of not less than half of the total Full Members and not less than two-thirds (2/3) of the voting rights of all Full Members:
  - (1) Expulsion of a Full Member;
  - (2) Dismissal of Auditors;
  - (3) Amendment of the Articles of Incorporation;
  - (4) Dissolution; and
  - (5) Other matters stipulated by laws and regulations.
3. When resolving a proposal to appoint a Director or Auditor, the resolution stipulated in Paragraph 1 shall be made for each candidate.
4. If the total number of candidates for Director or the total number of candidates for Auditor exceeds the fixed number stipulated in Article 30, the candidates shall be elected from among the candidates who have obtained a majority of the votes until reaching the fixed number in the order of the highest number of votes.

Article 29. Minutes

1. Minutes shall be prepared for the proceedings of the General Meeting pursuant to the provisions of laws and regulations.
2. The chairperson and two Directors present shall affix their names and seals to the minutes stipulated in the preceding paragraph.

## Chapter 5      Officers

Article 30. Appointment of Officers

1. This Corporation shall have the following officers:
  - (1) Directors: 20 or more, but not more than 25; and
  - (2) Auditors: Not more than three
2. One of the Directors shall be the Chairperson.

3. The Chairperson stipulated in the preceding paragraph shall be the Representative Director stipulated in Article 91, paragraph (1), item (i) of the General Corporation Act.
4. Two or fewer Directors may be Executive Directors stipulated in Article 91, paragraph (1), item (ii) of the General Corporation Act.

Article 31. Appointment of Officers

1. Directors and Auditors shall be appointed by a resolution of the General Meeting.
2. The election of the Chairperson shall be made by a resolution of the Board of Directors.
3. Several Vice-chairpersons may be elected from among the Directors by a resolution of the Board of Directors.
4. Managing Directors may be elected from among the Directors other than the members by a resolution of the Board of Directors.
5. The Managing Director stipulated in the preceding paragraph shall be the Executive Director.
6. The Vice-chairperson may concurrently serve as a Managing Director.
7. An Auditor may not concurrently serve as a Director or employee of this Corporation.

Article 32. Duties and Authority of Directors

1. Directors shall constitute the Board of Directors and shall execute their duties in accordance with laws and regulations and these Articles of Incorporation.
2. The Chairperson shall represent this Corporation and execute its business pursuant to the provisions of laws and regulations and these Articles of Incorporation.
3. The Vice-chairperson shall assist the Chairperson and execute the business of this Corporation. In addition, if the Chairperson is unable to carry out his/her duties or is vacant in the office thereof, the Vice-chairperson shall act for the Chairperson in the execution of his/her duties according to the order predetermined by the Board of Directors.
4. Managing Directors shall assist the Chairperson and Vice-chairperson and execute the business of this Corporation.
5. The Chairperson, Vice-chairperson, and Managing Directors shall report the status of the execution of their duties to the Board of Directors at least twice every business year at intervals of more than four months.

Article 33. Duties and Authority of Auditors

1. Auditors shall audit the execution of the duties of Directors and prepare audit reports pursuant to the provisions of laws and regulations.
2. Auditors may, at any time, request Directors and employees to report on the business and investigate the status of the business and property of this Corporation.

Article 34. Term of Office of Officers

1. The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting for the last business year ending within two years after his/her appointment, provided, however, that the term of office of

- a Director appointed as a substitute shall be the remaining term of office of his/her predecessor.
2. The term of office of an Auditor shall expire at the conclusion of the Ordinary General Meeting for the last business year ending within two years after his/her appointment, provided, however, that the term of office of an Auditor appointed as a substitute shall be the remaining term of office of his/her predecessor.
  3. If the fixed number stipulated in Article 30 becomes insufficient, a Director or Auditor shall still have the rights and obligations of a Director or Auditor even after his/her retirement due to the expiration of his/her term of office or resignation until a newly appointed person assumes office.

Article 35. Dismissal of Officers

Directors and Auditors may be dismissed by a resolution of the General Meeting.

Article 36. Remuneration, etc. for Officers

No remuneration, etc. shall be paid to the Directors and Auditors, provided, however, that a full-time Director, etc. may be paid the amount calculated in accordance with the rules on payment of remuneration, etc. determined at the General Meeting as remuneration, etc.

## Chapter 6 Board of Directors

Article 37. Configuration

1. The Board of Directors shall be established in this Corporation.
2. The Board of Directors shall consist of all Directors.

Article 38. Authority

The Board of Directors shall execute the following functions:

- (1) Decisions on the execution of business of this Corporation;
- (2) Supervision of the execution of duties by Directors;
- (3) Notwithstanding the provisions of the preceding two items, matters concerning the establishment, revision, and abolition of the Rules on Self-Regulation, etc. may be delegated to the Self-Regulation Committee (meaning the Self-Regulation Committee stipulated in Chapter 2 of the Rules on Establishment of Committee), provided, however, that this shall not preclude the Board of Directors from exercising itself if it finds it particularly necessary in order to ensure the proper operation of the business of the Association; and
- (4) Election and dismissal of the Chairperson, Vice-chairperson, and Managing Directors.

Article 39. Convocation

1. The Board of Directors shall be convened by the Chairperson.
2. If there is a vacancy in the office of the Chairperson or the Chairperson is unable to execute his/her duties, each Director shall convene a meeting of the Board of Directors.

Article 40. Resolution

Resolutions of the Board of Directors shall be made with the attendance of a majority of Directors and with the votes of a majority of Directors present, excluding those having a special interest in the resolution.

Article 40-2. Omission of Resolution

In the case where a Director has made a proposal with regard to a matter that is the purpose of a resolution of the Board of Directors pursuant to the provisions of Article 96 of the General Corporation Act, if all Directors entitled to participate in the resolution manifest their intention to consent to the proposal in writing or by means of electromagnetic record, it shall be deemed that a resolution to approve the proposal has been made by the Board of Directors, provided, however, that this shall not apply when an Auditor makes an objection.

Article 40-3. Omission of Report

When a Director or Auditor has notified all Directors and Auditors of the matters to be reported to the Board of Directors pursuant to the provisions of Article 98 of the General Corporation Act, the Director or Auditor shall not be required to report such matters to the Board of Directors, provided, however, that this shall not apply to the report pursuant to the provisions of Article 32, Paragraph 5.

Article 41. Minutes

1. Minutes shall be prepared for the proceedings of the Board of Directors pursuant to the provisions of laws and regulations.
2. The Chairperson and Auditors present shall affix their names and seals to the minutes stipulated in the preceding paragraph.

Chapter 7 (Deleted)

Article 42. Deleted

Chapter 8 Committee

Article 43. Committee

1. This Corporation may establish committees by a resolution of the Board of Directors.
2. The Chairperson shall appoint the members of committees with the consent of the Board of Directors.
3. Necessary matters concerning the composition and operation of committees shall be separately determined by the Board of Directors.



## Chapter 9      Property and Accounting

### Article 44.      Endowment, etc.

1. This Corporation shall count the following as its endowment:
  - (1) The property stated as the endowment in the inventory of assets at the time of the registration of transition to a general incorporated association;
  - (2) A fund for which the admission fee stipulated in Article 11 is set aside;
  - (3) Property donated as an endowment; and
  - (4) Property resolved by the Board of Directors to be transferred to the endowment.
2. This Corporation may retain the specified cost reserve funds for appropriation to expenditures for expenses specifically disbursed for the execution of certain activities in the future (limited to those appropriated as business expenses or administrative expenses), and the necessary matters concerning the specified cost reserve funds shall be determined by a resolution of the Board of Directors.

### Article 45.      Restrictions on Disposition, etc. of Endowment

The endowment stipulated in Paragraph 1 of the preceding article shall not be disposed of or pledged as security, provided, however, that, in the event of any of the grounds specified by the Board of Directors, the whole or a part of such an endowment may be disposed of or pledged as security by a resolution of the Board of Directors.

### Article 46.      Business Year

The business year of this Corporation shall commence on April 1 of each year and end on March 31 of the following year.

### Article 47.      Business Plan and Income and Expenditure Budget

1. The business plan and the income and expenditure budget of this Corporation shall be prepared by the Chairperson and approved by the General Meeting by a resolution of the Board of Directors no later than the day preceding the day of commencement of each business year. The same shall apply to any change thereto.
2. The documents stipulated in the preceding paragraph shall be kept at the principal office until the end of the relevant business year and shall be made available for public inspection.

### Article 48.      Business Report and Settlement of Accounts

1. With respect to the business report and settlement of accounts of this Corporation, the Chairperson shall prepare the following documents after the end of each business year and obtain the approval of the Board of Directors after having them audited by Auditors:
  - (1) Business report;
  - (2) Annexed detailed statement of the business report;
  - (3) Balance sheet;
  - (4) Profit and loss statement; and
  - (5) Annexed detailed statements to balance sheet and profit and loss statement.

2. Among the documents approved in accordance with the preceding paragraph, the documents stipulated in Item 1 shall be reported to the Ordinary General Meeting, and the documents stipulated in Items 3 and 4 shall be approved by the Ordinary General Meeting.
3. In addition to the documents stipulated in Paragraph 1, an audit report shall be kept at the principal office for five (5) years, and the Articles of Incorporation, a list of Directors and Auditors shall be kept at the principal office and made available for public inspection.

Article 49. Distribution of Surplus

This Corporation may not distribute its surplus.

Article 50. Management and Operation of Assets

The Chairperson shall manage and operate the assets of this Corporation by a resolution of the Board of Directors.

## Chapter 10 Amendment of Articles of Incorporation and Dissolution

Article 51. Amendment of Articles of Incorporation

These Articles of Incorporation may be amended by a resolution of the General Meeting.

Article 52. Dissolution

This Corporation shall be dissolved by a resolution of the General Meeting or by any other cause stipulated by laws and regulations.

Article 53. Ownership of Residual Assets

The residual assets of this Corporation in the case of liquidation shall be donated to the juridical person listed in Article 5, item (xvii) of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006) or to the national government or local governments by a resolution of the General Meeting of Members.

## Chapter 11 Method of Public Notice

Article 54. Method of Public Notice

1. The public notice of this Corporation shall be made by electronic public notice.
2. If the electronic public notice stipulated in the preceding paragraph cannot be made due to an accident or other unavoidable reason, it shall be made in the official gazette.

## Chapter 12      Secretariat

### Article 55.      Secretariat

1. The secretariat shall be established in this Corporation in order to handle the business of this Corporation.
2. The secretariat shall have a secretary general, and the secretary general and Important Employees shall be appointed and dismissed by the Chairperson with the approval of the Board of Directors.
3. The secretariat shall have employees, who shall be appointed and dismissed by the Chairperson.
4. Other necessary matters concerning the secretariat shall be separately determined by the Chairperson.

## Chapter 13      Miscellaneous Provisions

### Article 56.      Detailed Regulations

In addition to what is stipulated in these Articles of Incorporation, necessary matters concerning the operation of this Corporation shall be determined by a resolution of the Board of Directors.

#### Supplementary Provisions

1. This amendment to the Articles of Incorporation shall come into force on May 1, 1964.
2. In the event of a shortfall in the amount of funds to be borne by a member pursuant to the provisions of Article 7, Paragraph 1, Item 1 of the Articles of Incorporation after the amendment, the member shall immediately pay the shortfall.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on February 4, 1966.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on August 31, 1966.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on April 28, 1967.

#### Supplementary Provisions

1. This amendment of the Articles of Incorporation shall come into force on October 1, 1967.
2. These Articles of Incorporation shall be amended as required prior to October 1, 1968, so that the amount of the contribution to the fund and the voting rights of the members stipulated in Article 5, Item 1 shall be maintained by a majority of all the members of the Association, and the amount of the contribution to the

fund and the voting rights of the members shall be equal among the members stipulated in Item 1 of the same Article and among the members stipulated in Item 2 of the same Article, respectively. The amount of the contribution to the fund already paid by the members shall be adjusted as required, and the method of such adjustment shall be stipulated in these Articles of Incorporation.

3. The provisions of Article 7 shall, in the case of a capital increase by members, suspend its application until the amendment of the Articles of Incorporation pursuant to the provisions of the preceding paragraph.

#### Supplementary Provisions

1. This amendment of the Articles of Incorporation shall come into force on May 1, 1968.
2. Any member whose amount of funds to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation has increased shall pay the increase by May 31, 1968.
3. Any member whose amount of funds to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation has decreased shall be refunded by the Association with respect to the amount of such decreased amount determined by the Board of Directors in consideration of the status of redemption of securities actually managed by the Association.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on May 1, 1969.

#### Supplementary Provisions

1. The amended provisions of Articles 18 and 26 shall come into force on April 1, 1970.
2. Notwithstanding the provisions of Article 18, Paragraph 3, the first Ordinary General Meeting after the enforcement of the amended provisions shall be held in April 1970.
3. Notwithstanding the provisions of Article 26, the fiscal year including the date of enforcement of the amended provisions shall be from April 1, 1970, to September 30, 1970.

#### Supplementary Provision

The amended provisions of Articles 29-2 and 32 shall come into force on September 23, 1971.

#### Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on September 25, 1972.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

#### Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on August 29, 1973.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on August 28, 1974.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on October 7, 1975.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on October 4, 1976.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. The amended provisions of Article 7 shall come into force on October 1, 1977.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provision

This amendment shall come into force on December 7, 1977.

Supplementary Provisions

1. This amendment shall come into force on October 3, 1978.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. This amendment shall come into force on October 9, 1980.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

Supplementary Provisions

1. This amendment shall come into force on April 8, 1981.
2. A member shall immediately pay the shortfall of the fund to be borne pursuant to the provisions of Article 7 of the amended Articles of Incorporation.

#### Supplementary Provisions

1. This amendment shall come into force on August 6, 1981.
2. As of the date of enforcement of the Amended Articles of Incorporation, funds paid in pursuant to the provisions of Article 7 prior to the amendment shall be deemed to be funds accepted pursuant to the provisions of Article 7 after the amendment.

#### Supplementary Provision

This amendment shall come into force on November 24, 1983.

#### Supplementary Provision

This amendment shall come into force on October 29, 1985.

#### Supplementary Provision

This amendment shall come into force on January 26, 1988.

#### Supplementary Provisions

1. The amended provisions of Article 12 shall come into force on October 1, 1988.
2. The amended provisions of Article 18, Paragraph 3 and Article 26 shall come into force on April 1, 1989.
3. With regard to the application of the provisions of Article 26 prior to the amendment to the fiscal year commencing on October 1, 1988, "September 30 of the following year" in the same Article shall be read as "March 31 of the following year."

#### Supplementary Provision

This amendment shall come into force on October 22, 1993.

#### Supplementary provision

This amendment of the Articles of Incorporation shall come into force on the date of the approval of the competent government agency (March 23, 1998).

#### Supplementary Provisions

1. This amendment of the Articles of Incorporation shall come into force on December 1, 1998.
2. At the time of the enforcement of the amended Articles of Incorporation, a member who has actually obtained approval pursuant to Article 6 of the Articles of Incorporation prior to the amendment shall be deemed to have actually obtained approval pursuant to Article 7 of the Articles of Incorporation after the amendment.
3. At the time of the enforcement of the amended Articles of Incorporation, the admission fee stipulated in Article 8 of the Articles of Incorporation, after the amendment pertaining to a member deemed to have been approved pursuant to Article 7 of the Articles of Incorporation after the amendment, shall be appropriated from the fund stipulated in Article 7 of the Articles of Incorporation prior to the amendment that is the

amount equivalent to the admission fee out of the amount already paid by the member. In this case, the amount other than the amount equivalent to the admission fee, out of the amount already paid by such a member, shall be appropriated to the second special fund as the donation stipulated in Article 42, Paragraph 1.

4. At the time of the enforcement of the amended Articles of Incorporation, the membership fee for fiscal 1998 stipulated in Article 9 of the amended Articles of Incorporation, pertaining to a member deemed to have been approved pursuant to Article 7 of the amended Articles of Incorporation, shall be the membership fee determined pursuant to the provisions of Article 8 of the Articles of Incorporation prior to the amendment.
5. At the time of the enforcement of the amended Articles of Incorporation, the term of office of Directors and Auditors, who have been actually appointed pursuant to the provisions of Article 13 of the Articles of Incorporation prior to the amendment, shall be governed by the provisions of Article 15 of the Articles of Incorporation prior to the amendment.

\*The amended provisions have been amended in all Articles from Articles 1 through 33.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on July 1, 2000.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on November 30, 2000.

#### Supplementary Provision

This amendment of the Articles of Incorporation shall come into force on October 9, 2001.

#### Supplementary Provision

This amendment shall come into force on March 1, 2006.

#### Supplementary Provision

This amendment shall come into force on March 8, 2007.

#### Supplementary Provision

This amendment shall come into force on the date of approval by the competent minister (September 30, 2007).

#### Supplementary Provisions

1. This amendment shall come into force on October 1, 2008.
2. At the time of the enforcement of the amended Articles of Incorporation, a person registered to engage in the investment management business pursuant to the provisions of Article 29 of the FIEA, who was actually a member stipulated in the Articles of Incorporation prior to the amendment and a trust company, etc. that is a trustee company of an investment trust managed without instructions from the settlor stipulated in Article 47 of the Investment Trust Act, shall be deemed to be a Full Member stipulated in Article 6 after the amendment

as of the date of enforcement of the amended provisions.

3. At the time of the enforcement of the amended Articles of Incorporation, a person registered to engage in the Type I Financial Instruments Business pursuant to the provisions of Article 29 of the FIEA, who was actually a member stipulated in the Articles of Incorporation prior to the amendment (excluding a person falling under 2.), shall be deemed to be a Supporting Member stipulated in Article 6 after the amendment as of the date of enforcement, except where the person has submitted a notification of withdrawal in advance.

#### Supplementary Provisions

1. This amendment shall come into force as of the date of registration of incorporation of general corporations stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 50 of 2006).
2. The first Chairperson of this Corporation shall be Kazutoshi Inano and the Executive Director (the Vice-chairperson and Managing Director) shall be Fumio Inui.
3. Notwithstanding the provisions of Article 46, when any registration of dissolution of a special case juridical person under the Civil Code stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations and any registration of incorporation of a general corporation have been made, the day preceding the date of registration of dissolution shall be the last day of the business year, and the date of registration of incorporation shall be the commencement day of the business year.
4. In the case where more than one agent has been notified as of the date of enforcement of this amended provision pursuant to the provisions of Article 7-3 of the Old Articles of Incorporation (meaning the Articles of Incorporation prior to the amendment dated June 30, 2011), such agent shall be the agent stipulated in Article 10, Paragraph 1 after the amendment until the change of such an agent is made.

#### Supplementary Provisions

This amendment shall come into force on the date of the registration (January 4, 2013) of the incorporation of a general corporation stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 50 of 2006).

#### Supplementary Provision

This amendment shall come into force on June 30, 2017.



Supplementary Provision

This amendment shall come into force on June 30, 2020.

Supplementary Provision

This amendment shall come into force on the date of approval by the competent government agency (July 1, 2021).

# Rules on Admission Fees and Membership Fees

Established on June 30, 2011  
Revised on June 29, 2012  
Revised on March 31, 2017  
Revised on June 30, 2017  
Revised on June 29, 2018

## Chapter 1      General Provisions

### Article 1.    Purpose

The purpose of these Rules is to stipulate necessary matters concerning the admission fee and membership fee, etc. stipulated in Article 11 of the Articles of Incorporation.

## Chapter 2      Admission Fee

### Article 2.    Amount of Admission Fee

The admission fee for a Full Member stipulated in Article 11, Paragraph 1 of the Articles of Incorporation shall be 5 million yen.

### Article 3.    Handling of Admission Fee upon Merger, etc.

When a Full Member merges and a merging company intends to newly join as a Full Member, the admission fee shall be exempted. In addition, the same shall apply to the case where a company accepts most of the business from a Full Member and intends to newly join as a Full Member.

### Article 4.    Method of Payment of Admission Fee, etc.

1. The admission fee stipulated in Article 2 shall be paid no later than the third business day counting from the business day following the date of admission (meaning the date of approval of the admission or the date designated by the Association; the same shall apply hereinafter) based on the request of the Association; provided, however, that if the relevant Full Member notifies the Association in advance that it is difficult for such Full Member to make a payment by the third business day due to unavoidable circumstances and the Association approves such notification, such Full Member may make a payment by the day designated by the Association.
2. The Association shall not refund the admission fee paid pursuant to the provisions of the preceding paragraph.

## Chapter 3          Membership Fee

### Article 5.      Membership Fees for Full Members

1. The membership fee for a Full Member stipulated in Article 11, Paragraph 2 of the Articles of Incorporation shall be the total amount of the equal membership fee and the variable membership fee.
2. The membership fee of a Full Member stipulated in the preceding paragraph shall be calculated on the basis of the total amount of membership fees of Full Members (meaning the amount obtained by deducting the expected income such as investment income of assets, business income, and membership fee income of Supporting Members from the total expenditure in the budget for each business year of the Association; the same shall apply hereinafter).

### Article 6.      Equal Membership Fee

1. The Equal membership fee shall be the amount obtained by dividing the amount equivalent to 15% of the total amount of the membership fees of Full Members (hereinafter referred to as the “Total Equal Membership Fees”) by the number of Full Members at the end of the immediately preceding business year.
2. Notwithstanding the provisions of the preceding paragraph, if the equal membership fee for new Full Members is reduced pursuant to the provisions of Article 9, Item 2 (a), the reduced amount shall be added to the total amount of equal membership fee for Full Members other than new Full Members calculated by the method stipulated in the preceding paragraph, and the total amount after the addition shall be divided by the number of companies of Full Members other than new Full Members, which shall be the equal membership fee for Full Members other than new Full Members.

### Article 7.      Variable Membership Fee

1. The variable membership fee shall be the amount obtained by subtracting the Total Equal Membership Fees from the total amount of membership fees of Full Members (hereinafter referred to as the “Total Variable Membership Fees”) prorated by the share of the total net assets, etc. of each Full Member with respect to the total amount of net assets and the amount of the investment corporation’s asset management (hereinafter referred to as the “Total Amount of Net Assets, etc.”) of investment trusts (including foreign investment trusts stipulated in Article 2, paragraph (1), item (x) of the Financial Instruments and Exchange Act; hereinafter the same shall apply in this paragraph) for the immediately preceding business year of the Full Member.      The Total Amount of Net Assets, etc. shall include the Total Amount of Net Assets, etc. of private placement investment trusts and investment corporations.
2. The Total Amount of Net Assets, etc. for the immediately preceding business year stipulated in the preceding paragraph shall be the average amount of the Total Amount of Net Assets, etc. at the end of each month of the immediately preceding business year. In this case, the average amount of the Total Amount of Net Assets, etc. of a Full Member who joined in the immediately preceding business year shall be the average amount of the Total Amount of Net Assets, etc. at the end of the month from the month containing the date of admission to the end of the immediately preceding business year.
3. In calculating the average amount of the Total Amount of Net Assets, etc. stipulated in the preceding

paragraph, the total net assets of investment trusts at the end of each month shall be calculated as follows: 1/8 for exchange-traded funds and other similar exchange-traded investment trusts, and daily settlement-type public and corporate bond investment trusts such as MRF; 1/4 for public and corporate bond investment trusts, etc. (meaning public and corporate bond investment trusts other than daily settlement-type public and corporate bond investment trusts (including privately placed public and corporate bond investment trusts) and bond-based investment trusts; the same shall apply hereinafter); and 1/2 for privately placed stock investment trusts.

Article 8. Maximum Amount of Membership Fee, etc.

1. The membership fee of a Full Member for which the total amount of the equal membership fee and the variable membership fee calculated pursuant to the provisions of the preceding two Articles exceeds 10% of the total amount of the membership fee of Full Members shall be 10% of the total amount of the membership fee of Full Members. In this case, the variable membership fee for such Full Member shall be the amount obtained by deducting the equal membership fee stipulated in Article 6 from the amount of 10% of the total membership fee of Full Members.
2. In the case where the provisions of the preceding paragraph apply, the variable membership fees of a Full Member other than such Full Member shall be recalculated by the method stipulated in Paragraph 1 of the preceding Article on the basis of the amount obtained by deducting the amount calculated pursuant to the provisions of the preceding paragraph from the Total Variable Membership Fees.

Article 9. Special Provisions on Membership Fees for New Full Members

Notwithstanding the provisions of Articles 6 and 7, the membership fee for a new Full Member (excluding the case where a company that merges with a Full Member or receives most of the business from a Full Member newly joins the Association; hereinafter referred to as the "New Full Member") shall be the amount stipulated in each of the following items for the business year listed in the following items:

- (1) For the business year of the date of admission: The amount calculated by prorating the total amount of equal membership fees and variable membership fees listed in the following items on a daily basis according to the number of days from the relevant date of admission to the end of the relevant business year:
  - (a) One half (1/2) of the equal membership fee for the relevant business year calculated pursuant to the provisions of Article 6, Paragraph 1
  - (b) The variable membership fee obtained by multiplying the Total Variable Membership Fees for the relevant business year stipulated in Article 7, Paragraph 1 by the share of the Total Amount of Net Assets, etc. at the end of the month of the date of the admission of the relevant New Full Member with respect to the total amount of the Total Amount of Net Assets, etc. that was the basis for calculation of the variable membership fee for the relevant business year
- (2) For the business year following the business year of the date of admission: The total of equal membership fees and variable membership fees listed in the following items:

- (a) One half (1/2) of the equal membership fee for the relevant business year calculated pursuant to the provisions of Article 6, Paragraph 1
- (b) Variable membership fees for the relevant business year calculated pursuant to the provisions of Article 7

Article 10. Membership Fee of Merging Company, etc.

When a reason for a merger, etc. arises among Full Members, the membership fees for the relevant business year shall be as stipulated in the following items according to the categories listed in the respective items:

- (1) In the event that a Full Member merges with another Full Member or receives most of the business of another Full Member: The membership fee (limited to the amount unpaid) for the relevant business year of the merged company or another Full Member who transferred most of the business shall be borne by the surviving Full Member.
- (2) In the event that a Full Member merges with or receives most of the business from a Full Member and newly joins the Association as a Full Member: The membership fee for the relevant business year of the merging Full Member or the Full Member who has transferred most of the business (limited to the amount unpaid) shall be borne by the Full Member who is to newly join the Association.

Article 11. Membership Fees of Supporting Members

- 1. The amount of the membership fee for the Supporting Members stipulated in Article 11, Paragraph 2 of the Articles of Incorporation shall be 500,000 yen per year.
- 2. The amount of the membership fee for the business year of the admission date of the newly admitted Supporting Member shall be the amount calculated by prorating 500,000 yen on a daily basis according to the number of days from the relevant date of admission to the end of the relevant business year:

Article 12. Method of Payment of Membership Fees

- 1. In each business year, the Association shall request its Full Members and Supporting Members (hereinafter referred to as the "Members") to pay the membership fee for the relevant business year pursuant to the provisions of each of the following items, and the Members shall pay the membership fee based on the request of the Association:
  - (1) The membership fee for a Full Member for the relevant business year shall be divided into four (4) times, in principle, and shall be charged in April, July, October, and January. In this case, the invoiced amount for April (the first time) shall, in principle, be the same as the invoiced amount for the membership fee for January (the fourth time) of the immediately preceding business year (in the case of a Full Member who is a New Full Member for the immediately preceding business year and is not the subject of a January (the fourth time) request, it shall be the invoiced amount for membership fees for the relevant immediately preceding business year), and the invoiced amount for July, October, and January shall be the amount obtained by deducting the invoiced amount for April (the first time) from the membership fees for the relevant business year (the annual amount to be borne), which is to be billed in three (3) installments, respectively.

When a request for lump-sum payment is submitted in advance by a Full Member with respect to the membership fee for the relevant business year, the Association shall, in principle, charge the Full Member in July in lump sum the amount obtained by deducting the amount of the invoice for April (the first time) from the membership fee (the annual amount to be borne) for the relevant business year; and

(2) Membership fees of Supporting Members for the relevant business year shall be charged in a lump sum in April, in principle.

2. The Association shall charge a membership fee for the relevant business year of the date of admission to the New Full Members and new Supporting Members pursuant to the provisions of the following items, and such Members shall pay the membership fee based on the request of the Association:

(1) The membership fee for the relevant business year of the New Full Member shall, in principle, be charged in the month stipulated in Paragraph 1, Item 1 from the month of the date of admission.

Provided, however, that if the relevant Full Member requests in advance to pay the membership fee for the relevant business year in a lump sum, the Association shall, in principle, request such Full Member for a lump sum at the time of the first request; and

(2) The membership fee for the relevant business year of a new Supporting Member shall, in principle, be charged in a lump sum in the month of the date of admission.

#### Article 13. Handling of Membership Fees of Members Who Withdraw Membership

The handling of membership fees for the Members who are scheduled to withdraw from the Association shall be as stipulated in the following items according to the following categories:

(1) When requesting all or part of the membership fee for the relevant business year in the future: The amount calculated on a prorated daily basis according to the number of days from the beginning of the relevant business year to the scheduled date of withdrawal (if there are already paid membership fees, the amount obtained by deducting the paid membership fees) shall be requested.

(2) When the membership fee for the relevant business year that has already been paid exceeds the amount calculated on a prorated daily basis according to the number of days between the beginning of the business year and the scheduled date of withdrawal: The excess amount shall be refunded.

#### Article 14. Revision and Abolition

These Rules shall be revised or abolished by a resolution of the General Meeting.

#### Supplementary Provisions

1. These Rules shall come into force on the date of registration of incorporation of a general corporation stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (hereinafter referred to as the "Arrangement Act"); provided, however, that with regard to the membership fee in the case

where the business year of the date of enforcement commences on the day within the period stipulated in Article 37 of the Articles of Incorporation prior to the revision (excluding the first day of the period stipulated in the same Article), the relevant membership fee shall be the amount calculated pursuant to the provisions then in force, deeming the period from the beginning of the previous business year to the end of the relevant business year to be one (1) business year.

2. The General Meeting Resolution Pursuant to Provisions of Articles of Incorporation (enacted on November 27, 1998) shall be abolished as of the date of registration of incorporation of a general corporation stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Arrangement Act.

\*Amendment of these Supplementary Provisions by amendment on June 14, 2012

#### Supplementary Provisions

This amendment shall come into force on the date of registration of incorporation of a general corporation (January 4, 2013) stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 121, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provision

This amendment shall come into force on April 1, 2017.

#### Supplementary Provisions

This amendment shall come into force on June 30, 2017; provided, however, that with respect to membership fees for the business year of the date of enforcement to which the date within the period stipulated in Article 6 prior to the amendment is the initial date, the Association shall divide the membership fee that is the membership fee of a Full Member calculated in amended Article 6 after deducting the first payment of the membership fees (the amount equivalent to one fourth (1/4) of the membership fee calculated pursuant to the provisions then in force) into three (3) installments and shall, in principle, charge in August, November, and February of the relevant business year, and the Full Member shall pay the membership fee based on the request of the Association.

#### Supplementary Provisions

1. This amendment shall come into force on June 29, 2018.
2. The application of the method of payment of membership fees stipulated in Article 12, Paragraph 1 after the amendment in the business year of the date of enforcement shall be as follows:
  - (1) Membership fees of Full Members shall, in principle, be charged in July, October, and January of the relevant business year pursuant to the relevant amended provisions, and the relevant Full Members shall pay the membership fees based on the request of the Association; and

(2) When there is an unpaid membership fee for the relevant business year as of the date of enforcement, the Association shall, in principle, charge the Supporting Member such membership fee in a lump sum in July of the relevant business year, and such Supporting Member shall pay such membership fee based on the request of the Association.



## Rules on Enforcement of Articles of Incorporation

Established on November 27, 1998  
Revised on March 23, 1999  
Revised on April 26, 1999  
Revised on November 17, 2000  
Revised on March 19, 2004  
Revised on January 20, 2006  
Revised on February 16, 2007  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on December 17, 2009  
Revised on June 16, 2011  
Revised on June 14, 2012  
Revised on October 17, 2013  
Revised on October 16, 2014  
Revised on June 11, 2015  
Revised on January 21, 2016  
Revised on March 9, 2017  
Revised on May 18, 2017  
Revised on May 17, 2018  
Revised on April 18, 2019  
Revised on December 19, 2019  
Revised on May 20, 2021

### Article 1. Purpose

These Rules stipulate the necessary matters concerning the enforcement of the Articles of Incorporation pursuant to the provisions of Article 5, Paragraph 2 of the Articles of Incorporation.

### Article 2. Application for Admission

1. Matters to be stated in the application for admission of a Full Member stipulated in Article 8, Paragraph 1 of the Articles of Incorporation shall be as follows:

- (1) Trade name or name;
- (2) The location of the head office and the representative telephone number;
- (3) Amount of capital;
- (4) Date of incorporation;
- (5) The type of business registered or licensed, the number of registration or license, and the date of registration or license;
- (6) Titles and names of officers (meaning officers stipulated in Article 29-4, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”); the same shall apply hereinafter);
- (7) The titles and names of the employees (hereinafter referred to as the “Important Employee”) stipulated in Article 15-4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) on Financial Instruments Business for Investment Trusts and Investment Corporations;
- (8) Number of officers and employees; and
- (9) Type of other business, if any.

2. The application for admission shall be in Appended Form 1 for Full Members and Appended Form 2 for Supporting Members.

Article 3. Documents to Be Attached to Application for Admission

1. Documents to be attached to an application for admission to a Full Member stipulated in Article 8, Paragraph 2 of the Articles of Incorporation shall be the following documents:

- (1) In the case of a person engaged in the investment management business, a copy of the certificate of registration certifying that the person has obtained the registration from the Prime Minister pursuant to the provisions of Article 29 of the FIEA, in the case of a trust company, etc. becoming a trustee company of an investment trust managed without instructions from the settlor, a copy of the license certifying that the trust company has obtained a license pursuant to the provisions of Article 3 or Article 53 of the Trust Business Act (Act No. 154 of 2004) or a document in lieu thereof;
- (2) A document evidencing that none of the following applies (limited to persons who engage in the investment management business):
  - (a) None of the items listed in Article 29-4, paragraph (1), item (i) (excluding (d) through (f)) of the FIEA applies;
  - (b) None of the items listed in Article 29-4, paragraph (1), item (ii) of the FIEA applies to officers or Important Employees;
  - (c) None of the items listed in Article 29-4, paragraph (1), item (iv) (excluding (d)) of the FIEA applies; and
  - (d) None of the items listed in Article 29-4, paragraph (1), item (v) (excluding (c)) of the FIEA applies.
- (3) Articles of Incorporation;
- (4) A copy of the certificate of registered matters or a copy of the registration information obtained from a person designated pursuant to Article 3, paragraph (1) of the Act on Provision of Registration Information through Telecommunication Lines;
- (5) A document stating the contents and methods of the business;
- (6) A document stating the personnel structure pertaining to the business and the business execution system of the organization, etc.;
- (7) Resume of an officer (meaning a registered director (including an executive officer; hereinafter referred to as the "Director, etc."), and in the case of an investment manager without instructions from the settlor, limited to the representative director, etc. stipulated in Article 6, and a director and auditor who has jurisdiction over the business pertaining to an investment trust managed without instructions from the settlor; hereinafter the same shall apply in this Article and Article 10) and the Important Employee (in the case of an investment manager without instructions from the settlor, limited to an officer);
- (8) A copy of the extract of the certificate of residence of an officer and the Important Employee or a document in lieu thereof;
- (9) A copy of a certificate issued by a public agency to the effect that officers and the Important Employees do not fall under Article 29-4, paragraph (1), item (ii) (b) of the FIEA or any other document in lieu thereof.

- (10) A document in which the officers and the Important Employees pledge to the Chairperson of the Association that they do not fall under any of Article 29-4, paragraph (1), item (ii) (a) or (c) through (i) of the FIEA (limited to officers in the case of an investment manager without instructions from the settlor);
  - (11) A document stating the matters listed in (a) through (f) of item (iv) of Article 9 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007; hereinafter referred to as the “Cabinet Office Order”) as the status of the Persons in Specified Relationships (meaning the Persons in Specified Relationships stipulated in the same item) (limited to a person who engages in Investment Management Business);
  - (12) A document stating the name and location of the branch office or business office;
  - (13) The latest balance sheet (including related notes) and profit and loss statement (including related notes);
  - (14) A document that calculates the amount of net assets (meaning the amount of net assets stipulated in Article 29-4, paragraph (1), item (v) of the FIEA);
  - (15) A document stating the matters listed in Article 10, paragraph (1), item (iii) (b) of the Cabinet Office Order with respect to the major shareholders (meaning the major shareholders stipulated in Article 29-4, paragraph (2) of the FIEA) and the top 10 shareholders in descending order of the number of voting rights held, including major shareholders (in the case of a foreign juridical person, a document evidencing that the confirmation stipulated in Article 29-4, paragraph (1), item (v) (f) of the FIEA has been made with respect to a person equivalent to a major shareholder, or a document equivalent thereto);
  - (16) A schematic showing the location of the head office; and
  - (17) Other documents deemed necessary by the Association.
2. The following documents shall be attached to the application for admission of a Supporting Member stipulated in Article 8, Paragraph 2 of the Articles of Incorporation:
- (1) In the case of a person engaged in Type I Financial Instruments Business, a copy of the certificate of registration certifying that the person has obtained registration from the Prime Minister pursuant to the provisions of Article 29 of the FIEA; in the case of a registered financial institution, a copy of the certificate of registration certifying that the institution has obtained registration from the Prime Minister pursuant to the provisions of Article 33-4 of the same Act; in the case of a trust company, etc., that is a trustee company of an investment trust managed under instructions from the settlor, a copy of the certificate of approval certifying that the company has obtained approval pertaining to the trust business, or a document in lieu thereof;
  - (2) A map showing the location of the head office; and
  - (3) Other documents deemed necessary by the Association.

#### Article 4. Notification by Administrative Contact Person

A person who intends to join the Association as a Full Member or a Supporting Member shall appoint an administrative contact person and, when submitting an application for admission stipulated in Article 8, Paragraph 1 of the Articles of Incorporation to the Association, shall notify the Association of the name, title,

and contact information of the administrative contact person using Appended Form 3.

#### Article 5. Refusal of Admission

The grounds stipulated in the Rules on Enforcement of Articles of Incorporation pursuant to the provisions of Article 9, Paragraph 1, Item 4 of the Articles of Incorporation shall be as follows:

- (1) It is found that the business cannot be properly executed in light of the status of securing officers or employees who have sufficient knowledge and experience concerning the business that they conduct, as well as the organizational structure; and
- (2) The credibility of the financial instruments business is likely to be impaired by the existence of officers or employees who have an inappropriate qualification for the management of business in light of their background, relationship with an organized crime group stipulated in Article 2, item (ii) of the Act on the Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) or with an organized crime group member stipulated in item (vi) of the same article, or other circumstances.

#### Article 6. Qualification Requirements for Full Member Representatives, etc.

1. The Full Member Representative and the agent stipulated in Article 10, Paragraph 1 of the Articles of Incorporation shall be a person who satisfies the requirements listed the following items:

- (1) Full Member Representative: The director representing the relevant company registered (including the executive officer representing the relevant company; hereinafter referred to as the “Representative Director, etc.”); provided, however, that in the case of a foreign juridical person, the person is the representative in Japan designated by such juridical person; and
- (2) Agent of the Full Member Representative: The person is the Director, etc. or the person who has authority equivalent thereto; provided, however, that in the case of a foreign juridical person, the person has the authority equivalent to that of the representative in Japan.

2. A person representing the Supporting Member stipulated in Article 10, Paragraph 2 of the Articles of Incorporation (hereinafter referred to as the “Supporting Member Representative”) shall be a person representing the relevant juridical person or a person who has a position equivalent thereto; provided, however, that in the case of a foreign juridical person, the person shall be the representative in Japan designated by such juridical person.

#### Article 7. Notification of Full Member Representative, etc.

1. A Full Member and a Supporting Member (hereinafter referred to as the “Member”) shall immediately notify the Association through the method of the Electronic Notification and Storage System for Notification from Members of the Association (hereinafter referred to as the “Notification Management System of Investment Trusts Association”), after the admission to the Association has been approved, using Appended Form 4 and Appended Form 4-[2] in the case of a Full Member, of the Full Member Representative and the agent stipulated in Article 10, Paragraph 1 of the Articles of Incorporation, and using Appended Form 5 in the case of a Supporting Member, of the Supporting Member Representative stipulated in Paragraph 2 of the same article.

2. The Member shall, in the event of a change (including a change in the position) in the Full Member Representative, agent, or the Supporting Member Representative who has been notified to the Association pursuant to the preceding paragraph, promptly notify the Association of the change using Appended Form 6 or Appended Form 6-[2] in the case of a Full Member and using Appended Form 7 in the case of a Supporting Member, through the method of the Notification Management System of Investment Trusts Association.

#### Article 8. Notification of Change of Administrative Contact Person

In the event of a change in the name, title, or contact information of the administrative contact person notified to the Association, the Member shall notify the Association of the change through the method of the Notification Management System of Investment Trusts Association using Appended Form 8.

#### Article 9. Payment of Admission Fee, etc.

1. The admission fee for a Full Member stipulated in Article 11, Paragraph 1 of the Articles of Incorporation shall be paid to the Association by the date separately stipulated.
2. If the admission fee is not paid by the prescribed due date, the Association may rescind the approval of the admission of the relevant applicant by a resolution of the Board of Directors.
3. If the approval for admission is rescinded pursuant to the provisions of the preceding paragraph, the Association shall notify such applicant in writing to that effect.

#### Article 10. Matters to be Reported by Full Members

1. A report to be made by a Full Member stipulated in Article 12 of the Articles of Incorporation shall be the matters listed in the following items:

With regard to the matters listed in the following items for which a report form has been established, a report shall be submitted to the Association through the method of the Notification Management System of Investment Trusts Association using the form stipulated in the following items:

- (1) With regard to the type of business (excluding investment management business) stipulated in Article 29-2, paragraph (1), item (v) of the FIEA, the business has been changed in the registration or abolished pursuant to the provisions of Article 31 of the same Act: Appended Form No. 9
- (2) When a notification is made to the effect that the business stipulated in Article 35, paragraph (2) of the FIEA is to be performed pursuant to the provisions of paragraph (3) of the same article, or when a notification is made to the effect that such business has been abolished pursuant to the provisions of paragraph (6) of the same article: Appended Form No. 10
- (3) When a Full Member has obtained approval for the financial instruments business stipulated in Article 35, paragraph (4) of the FIEA and the business other than the business stipulated in paragraph (1) and paragraph (2) of the same article, or has notified that it has abolished the business pursuant to the provisions of paragraph (6) of the same article: Appended Form No. 11
- (4) When the financial instruments business (limited to the investment management business) has been suspended or resumed: Appended Form No. 12

- (5) If the Articles of Incorporation have been amended: Appended Form No. 13
- (6) When the contents and methods of the business have changed: Appended Form No. 14
- (7) When the amount of capital has changed: Appended Form No. 15
- (8) When the trade name or name has changed: Appended Form No. 16
- (9) When a branch office or business office has been established or abolished: Appended Form No. 17
- (10) When the name or location of the head office, branch office, or business office has changed:
- (a) Location of head office: Appended Form No. 18
  - (b) The name or location of the branch office or business office: Appended Form No. 18-[2]
- (11) When an officer has changed (including a change of position): Appended Form No. 19
- (12) When there is a change in the Important Employees (including a change in position) (limited to Full Members engaged in the investment management business): Appended Form No. 20
- (13) (Deleted)
- (14) (Deleted)
- (15) (Deleted)
- (16) When a business report (including attached documents) has been prepared (limited to Full Members engaged in the investment management business):
- (17) When an audit certification has been obtained from a certified public accountant or an audit firm with regard to the financial statements or interim financial statements that indicate the company's financial status, etc.:
- (a) Full Members who operate the investment trust entrustment business: Appended Form No. 21
  - (b) Full Members engaged in the Investment Corporation Asset Management Business: Appended Form No. 22
- (18) When there is an increase or decrease of 30% or more in the total amount of net assets with respect to the contents of the report made pursuant to the provisions of the preceding Item, or when there is an increase or decrease of 30% or more in the total amount of net assets (the calculation shall be made based on the total amount of net assets stated in the most recently submitted report) during the period between the report made pursuant to the provisions of this Item and the next report made pursuant to the provisions of the preceding Item; provided, however, that a report pursuant to the provisions of this Item shall exclude, with regard to a Full Member whose total amount of net assets is less than 15 billion yen, the period until such total amount of net assets reaches 15 billion yen:
- (a) Full Members who operate the investment trust entrustment business: Appended Form 21-[2]
  - (b) Full Members engaged in the Investment Corporation Asset Management Business: Appended Form 22-[2]
- (19) When a Full Member has abolished the business pertaining to the investment management business or investment trust managed without instructions from the settlor: Appended Form No. 23
- (20) In the event of a merger or dissolution of the company, or the transfer or acquisition of all or part of the business:
- (a) In the event of a merger: Appended Form No. 24
  - (b) When all or part of the business has been transferred or acquired: Appended Form No. 25

- (21) With regard to a Full Member or a trust bank that is entrusted with the trust property pertaining to an investment trust managed by a Full Member, when a petition for commencement of civil rehabilitation proceedings pursuant to the provisions of the Civil Rehabilitation Act (Act No. 225 of 1999), a petition for commencement of reorganization proceedings pursuant to the provisions of the Corporate Reorganization Act (Act No. 154 of 2002), a petition for commencement of bankruptcy proceedings pursuant to the provisions of the Bankruptcy Act (Act No. 75 of 2004), or a fact equivalent thereto has occurred: Appended Form No. 26
- (22) When an inspection has been commenced by the competent government agency pursuant to the provisions of Article 56-2 of the FIEA or Article 22 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”):  
Appended Form No. 27
- (23) When the inspection by the competent government agency stipulated in the preceding item has been completed:
- (a) When a violation of laws or regulations, etc. has been pointed out: Appended Form No. 28
  - (b) When a Full Member has not pointed out: Appended Form No. 29
- (24) When a Full Member has become aware of the fact that the FIEA, the Investment Trust Act, orders based on these laws, dispositions based thereon, the Articles of Incorporation or other rules of the Association (including resolutions of the Board of Directors), the basic terms and conditions of the investment trust, the agreement of the investment corporation, or any act in violation of the principle of good faith in transactions, or when a Full Member has become aware that the status of compliance with the FIEA, the Investment Trust Act, orders based on these laws, dispositions based thereon, the Articles of Incorporation or other rules of the Association (including resolutions of the Board of Directors), the basic terms and conditions of the investment trust, the agreement of the investment corporation, the principle of good faith in transactions, or the status of the business of asset management, etc., or the status of the assets is not appropriate. Appended Form No. 30
- (25) When a business improvement order has been issued pursuant to the provisions of Article 51 of the FIEA with respect to a Full Member or a major associated corporation of a Full Member:  
Appended Form No. 31
- (26) When a Full Member or a major associated corporation of a Full Member has received a supervisory disposition pursuant to the provisions of Article 52 of the FIEA: Appended Form No. 32
- (27) When a Full Member has received an order to submit reports or materials pursuant to the provisions of Article 56-2 of the FIEA: Appended Form No. 33
- (28) When a Full Member has submitted a business improvement report or a report or material that has been ordered to be submitted by an order, etc. from the competent minister pursuant to the provisions of Article 51 or Article 56-2 of the FIEA: Appended Form No. 34
- (29) When a Full Member has received an order to hand over the investment trust agreement pursuant to the provisions of Article 23 of the Investment Trust Act with regard to the Full Member or the trust bank that is entrusted with the trust property pertaining to an investment trust managed by a Full Member:  
Appended Form No. 35

- (30) When a Full Member has received an order to prohibit or suspend a public offering or private placement of beneficiary certificates pursuant to the provisions of Article 26 of the Investment Trust Act (including the book-entry transfer beneficial interest in an investment trust) or other transactions, or when a Full Member has come to know that the person taking the action has received an order to prohibit or suspend the handling of a public offering of beneficiary certificates, handling of private placement, or other transactions: Appended Form No. 36
- (31) When a Full Member has come to know that there has been a change in a major shareholder stipulated in Article 29-4, paragraph (2) of the FIEA: Appended Form No. 37
- (32) In the event of an accident such as the leakage of personal information, etc. stipulated in Article 22 of the Guidelines for Protection of Personal Information stipulated by the Association: Appended Form No. 38
- (33) In addition to what is stipulated in the preceding items, when the Association finds it necessary.
2. With regard to the report pertaining to the change of officers listed in Item 11 of the preceding paragraph or the Important Employees listed in Item 12, in cases where such a report is a report pertaining to the assumption of office of a new officer or the Important Employee, the following documents pertaining to the newly appointed officer or the Important Employee shall be attached and reported; provided, however, that if such a report is an investment manager without instructions from the settlor, the documents listed in Items 2 through 4 shall not be required to be attached:
- (1) Resume;
  - (2) A copy of an extract of the certificate of residence or a document in lieu thereof;
  - (3) A copy of the certificate issued by a public agency that a Full Member does not fall under Article 29-4, paragraph (1), item (ii) (b) of the FIEA or a document in lieu thereof; and
  - (4) A document pledging to the Chairperson of the Association that a Full Member (limited to the part pertaining to (a)) and the relevant officer or the Important Employee do not fall under any of Article 29-4, paragraph (1), items (ii) (a) or (c) through (i) of the FIEA.
3. If a Full Member makes a report to the Association pursuant to the provisions of Items 17 and 18 of Paragraph 1, the Full Member shall promptly publish such document for five (5) consecutive years from the day on which such document was disclosed by the method of making the matters recorded in the file on the computer used by the Full Member available for inspection through telecommunications lines.
4. If a Full Member makes a report to the Association pursuant to the provisions of Items 21, 25, 26, 29, and 30 of Paragraph 1, the Full Member shall promptly publish a document stating the contents of such report for five (5) consecutive years from the date of disclosure of such document by the method of making the matters recorded in the file on the computer used by the Full Member available for inspection through telecommunications lines.
5. Upon receipt of a report from a Full Member pursuant to the provisions of Items 21, 25, 26, 29, and 30 of Paragraph 1, the Association shall publish such received document continuously for a period of five years from the date of receipt of the report by the method of making the matters recorded in the file on the computer used by the Association available for inspection through telecommunications lines.



Article 11. Matters to Be Notified by Supporting Members

The matters to be notified by Supporting Members stipulated in Article 13 of the Articles of Incorporation shall be as follows:

Notifications to the Association shall be made in the form stipulated in the following items through the method of the Notification Management System of Investment Trusts Association:

- (1) When a Supporting Member has abolished the business related to the investment trust entrustment business, etc.: Appended Form No. 39
- (2) When the trade name or name is changed: Appended Form No. 40
- (3) When the location of the head office is changed: Appended Form No. 41

Article 12. Notification of Withdrawal from Membership

1. The Notification of Withdrawal from Membership stipulated in Article 16 of the Articles of Incorporation shall be made using Appended Form 42 and shall be submitted to the Association through the method of the Notification Management System of Investment Trusts Association.
2. Upon receipt of a notification of withdrawal from membership by the Member, the Association shall notify each Member to that effect.

Article 13. Matters to Be Stated in Member List

Matters to be stated in the Full Member list and the Supporting Member list stipulated in Article 21, Paragraph 2 of the Articles of Incorporation shall be the name, location, telephone number, and the title and name of the Full Member Representative or the Supporting Member Representative.

Supplementary Provision

These Rules shall come into force on December 1, 1998.

Supplementary Provision

The amended provisions of Article 4-2 shall come into force on March 23, 1999.

Supplementary Provision

The amended provisions of Article 4-2 shall come into force on April 26, 1999.

Supplementary Provision

This amendment shall come into force on November 30, 2000.

Supplementary Provision

This amendment shall come into force on April 1, 2004.

Supplementary Provision

This amendment shall come into force on March 1, 2006.

Supplementary Provision

This amendment shall come into force on February 16, 2007.

Supplementary Provisions

1. This amendment shall come into force on the date on which the approval of the competent minister is obtained for the Articles of Incorporation (September 30, 2007).
2. After the enforcement of these amended rules, the provisions of Article 3 prior to the amendment shall apply to the documents attached to the application for admission in the case where an investment trust entrustment business that is approved pursuant to the provisions of Article 6 of the Investment Trust Act prior to the amendment applies for admission to the Association.

Supplementary Provisions

1. This amendment shall come into force on October 1, 2008.
2. A person who was actually the Member stipulated in the Articles of Incorporation prior to the amendment at the time of the enforcement of these amended rules and who is deemed to be a Full Member or a Supporting Member pursuant to the provisions of Articles 2 and 3 of the Supplementary Provisions of the Amended Articles of Incorporation dated June 30, 2008 shall be deemed to have submitted the notification stipulated in Article 3-2 and Article 4-2, Paragraph 1.

Supplementary Provision

This amendment shall come into force on January 16, 2009.

Supplementary Provision

This amendment shall come into force on December 17, 2009.

Supplementary Provisions (as amended on June 14, 2012)

This amendment shall come into force on the date of registration of incorporation of a general corporation stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 12, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provisions

This amendment shall come into force on the date of registration of incorporation of a general corporation (January 4, 2013) stipulated in Article 106, paragraph (1) as applied mutatis mutandis by replacing certain terms pursuant to Article 12, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provision

This amendment shall come into force on December 17, 2009.

#### Supplementary Provision

This amendment shall come into force on October 17, 2013.

#### Supplementary Provisions

This amendment shall come into force on October 16, 2014.

Provided, however, that the amended provisions of Article 10, Paragraph 1, Items 17 and 18, and Paragraph 3 of the same article shall come into force on December 1, 2014.

#### Supplementary Provision

This amendment shall come into force on 11 June 2015.

#### Supplementary Provision

This amendment shall come into force on January 21, 2016.

#### Supplementary Provision

This amendment shall come into force on April 1, 2017.

#### Supplementary Provision

This amendment shall come into force on May 30, 2017.

#### Supplementary Provisions

1. This amendment shall come into force on June 16, 2018.
2. A written report pursuant to the provisions of Article 10, Paragraph 1, Items 13 through 15 prior to the amendment may be requested from the Full Member to be submitted pursuant to the provisions of Article 10, Paragraph 1, Item 33 when deemed necessary by the Association.

#### Supplementary Provision

This amendment shall come into force on May 1, 2019.

Supplementary Provision

This amendment shall come into force on December 19, 2019.

Supplementary Provision

This amendment shall come into force on June 1, 2021.

Appended Form No. 1

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Title and Name of Representative)

Application for Admission

Our Company hereby applies to join your Association as a Full Member pursuant to the provisions of Article 8 of the Articles of Incorporation of your Association.

1. Trade name or name (Reading)  
(In English)
2. Location of head office (Postal code)  
(In English)  
Representative telephone number
3. Amount of capital
4. Date of incorporation
5. Type of business for which registration (license) was granted, etc.
  - [1] Type of business
  - [2] Registration (license) number
  - [3] Date of registration (license)
6. Title and name of officers (Reading)
7. Title and name of the Important Employee (Reading)
8. Number of officers and employees  
Officers: XX (including part-time officers: XXX), employees: XX
9. Type of other business conducted

(Precautions for Description)

1. For “3. Amount of capital,” enter the amount as of the date of application for admission. If the applicant for membership is a foreign juridical person, the amount shall be the amount of brought-in capital.
2. For “5. Type of business for which registration (license) was granted, etc.,” in the case of a financial instruments business operator, the applicant for admission shall state all the registered financial instruments business.
3. “6. Title and name of officers (Reading)” may be attached to the application for admission as Appendix.
4. “7. Title and name of the Important Employee (Reading)” shall be entered together with the duties supervised by the relevant person. It may be attached to the application for admission as Appendix.
5. For “9. Type of other business conducted,” the business other than the financial instruments business shall be entered.

## Appended Form No. 2

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Title and Name of Representative)

### Application for Admission

Our Company hereby applies to join your Association as a Supporting Member pursuant to the provisions of Article 8 of the Articles of Incorporation of your Association.

1. Trade name or name (Reading)

(In English)

2. Location of head office (Postal code)

(In English)

Representative telephone number

3. Amount of capital or endowment

4. Date of incorporation

5. Status of the business related to the investment trust entrustment business, etc.

(Precautions for Description)

1. For "3. Amount of capital or endowment," enter the amount as of the date of application for admission. If the applicant for membership is a foreign juridical person, the amount shall be the amount of brought-in capital.
2. For "5. Status of the business related to the investment trust entrustment business," in the case of a financial instruments business operator or a person who engages in the banking business, the applicant for admission shall enter the type, the registration (license) number, and the date of registration (license) of all business for which registration (license) has been obtained. For other applicants for admission, enter the contents, etc. of the business related to the investment trust entrustment business, etc. in an easy-to-understand manner.

Appended Form No. 3

Application Date: MM DD, YYYY

To: The Investment Trusts Association, Japan

(Trade Name or Name)

Notification of Administrative Contact Person

Our Company hereby notifies your Association that our Company has appointed the following person as our administrative contact person, pursuant to Article 4 of the Rules on Enforcement of Articles of Incorporation of your Association.

Description

(Name)

(Affiliation and Title)

(Telephone Number)

(Fax Number)

(E-mail Address)

Appended Form No. 4

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: President

Trade name or name	
Representative	

Notification of Representative

Our Company hereby notifies your Association that our Company has appointed the following person as our representative at your Association, pursuant to the provisions of Article 10, Paragraph 1 of the Articles of Incorporation of your Association.

Description

Title	
Name (Reading)	
Name	

Appended Form No. 4-[2]

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

Notification of Agent

Our Company hereby notifies your Association that our Company has appointed the following person as our agent at your Association, pursuant to the provisions of Article 10, Paragraph 1 of the Articles of Incorporation of your Association.

Description

Title	
Name (Reading)	
Name	

Appended Form No. 5

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

Notification of Representative

Our Company hereby notifies your Association that our Company has appointed the following person as our representative at your Association, pursuant to the provisions of Article 10, Paragraph 2 of the Articles of Incorporation of your Association.

Description

Title	
Name (Reading)	
Name	



Appended Form No. 6

The Investment Trusts Association, Japan  
To: Chairperson

Application date	MM DD, YYYY
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Trade name or name	
Representative	

Notification of Change of Representative

Our Company hereby notifies your Association that our Company has changed our representative at your Association as follows, pursuant to the provisions of Article 10, Paragraph 3 of the Articles of Incorporation of your Association.

Description

	After change	Before change
Title		
Name (Reading)		
Name		

Date of change	MM DD, YYYY
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Appended Form No. 6-[2]

The Investment Trusts Association, Japan  
To: Chairperson

Application date	MM DD, YYYY
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Trade name or name	
Representative	

Notification of Change of Agent

Our Company hereby notifies your Association that our Company has changed our agent at your Association as follows, pursuant to the provisions of Article 10, Paragraph 3 of the Articles of Incorporation of your Association.

Description

	After change	Before change
Title		
Name (Reading)		
Name		

Date of change	MM DD, YYYY
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Appended Form No. 7

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Representative

Our Company hereby notifies your Association that our Company will change our representative at your Association as follows, pursuant to the provisions of Article 10, Paragraph 3 of the Articles of Incorporation of your Association.

#### Description

	After change	Before change
Title		
Name (Reading)		
Name		

Date of change	MM DD, YYYY
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Appended Form No. 8

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

Trade name or name	
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### Notification of Change of Administrative Contact Person

Our Company hereby notifies your Association that our Company has changed the following matters pertaining to our administrative contact person at your Association as follows, pursuant to the provisions of Article 8 of the Rules on Enforcement of Articles of Incorporation of your Association.

Description		
	After change	Before change
Name (Reading)		
Name		
Affiliation and title		
Telephone number		
Fax number		
E-mail address		

Date of change	MM DD, YYYY
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Appended Form No. 9

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Notification of Type of Business (**Registration of Change and Abolition**)

Our Company hereby notifies your Association that our Company has registered the change of the following type of (**or has abolished the following type of**) business, pursuant to the provisions of Article 10, Paragraph 1, Item 1 of the Rules on Enforcement of Articles of Incorporation of your Association.

Description

1. The type and contents, etc. of the business that is **registered (abolished)**
2. Date of **registration (abolition)**
3. Date of commencement of business

**\*In the event of a notification of abolition, the description in "3." is not required.**

(Attached document: **Registration/Registration of Change** (copy))

**(Please submit the notification after correcting each red letter in the form and deleting such red letters.)**

Appended Form No. 10

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Notification

Since our Company has made a notification pursuant to the provisions of Article 35, paragraph (3) of the FIEA (**Article 35, paragraph (6) of the FIEA**) as follows, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 2 of the Rules on Enforcement of Articles of Incorporation.

Description

1. Business and contents, etc. notified
2. Date of notification
3. Date of commencement (**abolition**) of business

(Attached document: Notification (copy))

**(Please submit the notification after correcting each red letter in the form and deleting such red letters.)**

Appended Form No. 11

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: President

(Trade Name or Name)

(Representative)

Notification of Business (Approval/Abolition)

Since our Company **has obtained the approval of (or abolished)** the business as follows, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 3 of the Rules on Enforcement of Articles of Incorporation.

Description

1. Business and contents, etc. **approved (abolished)**
2. Date of **approval (abolition)**
3. Date of commencement of business

**\*In the event of a notification of abolition, the description in "3." is not required.**

(Attached document: Approval/Notification Form (copy))

**(Please submit the notification after correcting each red letter in the form and deleting such red letters.)**

Appended Form No. 12

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Report on Suspension (**Resumption**) of Financial Instruments Business

Since our Company will suspend (**resume**) the financial instruments business as follows, our Company hereby notifies the same pursuant to the provisions of Article 10, Paragraph 1, Item 4 of the Rules on Enforcement of Articles of Incorporation of your Association.

**(In the case of suspension)**

1. Reason for suspension: ( )

2. Estimated period of suspension

(MM DD, YYYY to MM DD, YYYY)

**(In the case of resumption)**

1. Resumption date MM DD, YYYY

2. Date of submission of Notification of Suspension MM DD, YYYY

Appended Form No. 13

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Notification of Amendment of Articles of Incorporation

Since our Company has amended the Articles of Incorporation on [MM DD, YYYY] (as follows), our Company hereby notifies your Association of the amendment pursuant to the provisions of Article 10, Paragraph 1, Item 5 of the Rules on Enforcement of Articles of Incorporation of your Association (as shown in Appendix).

(Attached document: Contents of the amendment and a copy of the amended Articles of Incorporation)

Appended Form No. 14

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Notification of Change of Contents and Method of Business

Since our Company has changed our Business Procedures on [MM DD, YYYY], our Company hereby reports the same as shown in Appendix pursuant to the provisions of Article 10, Paragraph 1, Item 6 of the Rules on Enforcement of Articles of Incorporation.

(Attached document: Contents of the change and the Business Procedures after the change)

Appended Form No. 15

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Amount of Capital

Since our Company will change the capital as follows, our Company hereby notifies your Association of the change pursuant to the provisions of Article 10, Paragraph 1, Item 7 of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

	After change	Before change
Capital		

Date of change	MM DD, YYYY
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Reason for change	
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Appended Form No. 16

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Trade Name or Name

Since our Company will change our trade name or name as follows, our Company hereby notifies your Association of the change pursuant to the provisions of Article 10, Paragraph 1, Item 8 of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

	After change	Before change
Trade name or name		
Trade name or name (Reading)		
Trade name or name (In English)		

Date of change	MM DD, YYYY
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Appended Form No. 17

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Establishment/Abolition of Branch Offices and Business Offices

Since our Company will establish/abolish branch offices and business offices as follows, our Company hereby reports the same to your Association pursuant to the provisions of Article 10, Paragraph 1, Item 9 of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

Name of Branch Office/Business Office	
Postal code	
Address	
Address (In English)	
Telephone number	
Fax number	

Date of establishment/abolition	MM DD, YYYY
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Reason for establishment/abolition	
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Appended Form No. 18

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Location of Head Office

Since our Company will change the location of the head office as follows, our Company hereby reports the same to your Association pursuant to the provisions of Article 10, Paragraph 1, Item 10 (a) of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

	After change	Before change
Postal code		
Address		
Address (In English)		
Telephone number		
Fax number		

Date of change	MM DD, YYYY
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Appended Form No. 18-[2]

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Name and Location of Branch Offices and Business Offices

Since our Company will change the name/location of our branch offices/ business offices as follows, our Company hereby reports the same to your Association pursuant to the provisions of Article 10, Paragraph 1, Item 10 (b) of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

	After change	Before change
Name of Branch Office/Business Office		
Name of Branch Offices/Business Offices (In English)		
Postal code		
Address		
Address (In English)		
Telephone number		
Fax number		

Date of change	MM DD, YYYY
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Appended Form No. 19

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

Notification of Change of Officer (Title)

Since our Company has made changes to our officers on [MM DD, YYYY], our Company hereby reports the same to your Association as follows pursuant to the provisions of Article 10, Paragraph 1, Item 11 of the Rules on Enforcement of Articles of Incorporation of your Association.

Description

Contents of change

Date of change	After change	Before change
(Example) Dated [MM DD, YYYY]	Director ○○ ○○	(Assumption of Office) Or former title, etc.
(Example) Dated [MM DD, YYYY]	(Retirement)	Director ○○ ○○

Appended Form No. 20

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

Important Employee Change Notification

Since our Company has made changes to our Important Employee on [MM DD, YYYY], our Company hereby reports the same to your Association as follows pursuant to the provisions of Article 10, Paragraph 1, Item 12 of the Rules on Enforcement of Articles of Incorporation of your Association.

Description

Contents of change

Person in charge	Date of change	After change	Before change
(Compliance with Laws and Control of Operation)	(Example) Dated [MM DD, YYYY]	Title ○○ ○○	(Assumption of Office) Or former title, etc.
(Compliance with Laws and Control of Operation)	(Example) Dated [MM DD, YYYY]	(Retirement)	Title ○○ ○○
(Compliance with Laws and Control of Operation)			

Appended Form No. 21

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Notification of Financial Status, etc. of Full Member

Since our Company has completed our accounting audit of our financial status, etc., our Company hereby reports the same to your Association as follows pursuant to the provisions of Article 10, Paragraph 1, Item 17 (a) of the Rules on Enforcement of Articles of Incorporation of your Association.

1. Summary of settlor company, etc.
2. Contents of business and summary of operations
3. Accounting status of the settlor company, etc.
  - (1) Balance sheet
  - (2) Profit and loss statement
  - (3) Statement of changes in net assets

Publication date: MM DD, YYYY

Record date: MM DD, YYYY

Location of Head Office      XX-YY, Nihombashi Kabutocho, Chuo-ku, Tokyo

Contact information: XX Group, YY Section, ZZ Department

[Precautions for Description]

1. With regard to the publication date, describe the date of first notification of the relevant document as an attached document in the annual securities report, etc.
2. When describing this Form, follow the precautions for describing the relevant part of Form No. 4 of the Cabinet Office Order on Disclosure of Information on Regulated Securities.

Appended Form No. 21-[2]

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Change of Financial Status, etc. of Full Member

Pursuant to the provisions of Article 10, Paragraph 1, Item 17 (a) (Item 18 (a)) of the Rules on Enforcement of Articles of Incorporation of your Association, with regard to the Notification of Financial Status, etc. of Full Member submitted on [MM DD, YYYY], since the total amount of net assets of investment trusts managed by our Company on [MM DD, YYYY] has increased or decreased by 30% or more, our Company hereby reports the same as follows pursuant to the provisions of Article 10, Paragraph 1, Item 18 (a) of the same Rules.

1. Summary of settlor company, etc.
2. Contents of business and summary of operations
3. Accounting status of the settlor company, etc.
  - (1) Balance sheet
  - (2) Profit and loss statement
  - (3) Statement of changes in net assets

Publication date: MM DD, YYYY

Record date: MM DD, YYYY

Location of Head Office      XX-YY, Nihombashi Kabutocho, Chuo-ku, Tokyo

Contact information: XX Group, YY Section, ZZ Department

#### [Precautions for Description]

1. With regard to the publication date, describe the date of first notification of the relevant document as an attached document in the annual securities report, etc.
2. When describing this Form, follow the precautions for describing the relevant part of Form No. 4 of the Cabinet Office Order on Disclosure of Information on Regulated Securities.

Appended Form No. 22

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Financial Status, etc. of Full Member

Since our Company has completed our accounting audit of our financial status, etc., our Company hereby reports the same as follows pursuant to the provisions of Article 10, Paragraph 1, Item 17 (b) of the Rules on Enforcement of Articles of Incorporation of your Association.

1. The name, the amount of capital, and the contents of the business of the asset management company
2. Management system of the asset management company
3. Status of major shareholders of the asset management company
4. Status of officers of the asset management company
5. Contents of the business and summary of business of the asset management company

Publication date: MM DD, YYYY

Record date: MM DD, YYYY

Location of Head Office      XX-YY, Nihombashi Kabutocho, Chuo-ku, Tokyo

Contact information: XX Group, YY Section, ZZ Department

#### [Precautions for Description]

1. With regard to the publication date, describe the date of first notification of the relevant document as an attached document in the annual securities report, etc.
2. When describing this Form, follow the precautions for describing the relevant part of Form No. 4-3 of the Cabinet Office Order on Disclosure of Information on Regulated Securities.

Appended Form 22-[2]

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Change of Financial Status, etc. of Full Member

Pursuant to the provisions of Article 10, Paragraph 1, Item 17 (b) (Item 18 (b)) of the Rules on Enforcement of Articles of Incorporation of your Association, with regard to the Notification of Financial Status, etc. of Full Member submitted on [MM DD, YYYY], since the total amount of net assets of investment corporations managed by our Company on [MM DD, YYYY] has increased or decreased by 30% or more, our Company hereby reports the same as follows pursuant to the provisions of Article 10, Paragraph 1, Item 18 (b) of the same Rules.

1. The name, the amount of capital, and the contents of the business of the asset management company
2. Management system of the asset management company
3. Status of major shareholders of the asset management company
4. Status of officers of the asset management company
5. Contents of the business and summary of business of the asset management company

Publication date: MM DD, YYYY

Record date: MM DD, YYYY

Location of Head Office      XX-YY, Nihombashi Kabutocho, Chuo-ku, Tokyo

Contact information: XX Group, YY Section, ZZ Department

#### [Precautions for Description]

1. With regard to the publication date, describe the date of first notification of the relevant document as an attached document in the annual securities report, etc.
2. When describing this Form, follow the precautions for describing the relevant part of Form No. 4-3 of the Cabinet Office Order on Disclosure of Information on Regulated Securities.



## Appended Form No. 23

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Abolition of XX Business

Since our Company has abolished our XXXX, our Company hereby reports the same as follows pursuant to the provisions of Article 10, Paragraph 1, Item 19 of the Rules on Enforcement of Articles of Incorporation.

#### Description

1. Contents of the business abolished
2. Date of abolition: MM DD, YYYY

## Appended Form No. 24

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Merger

Since our Company will merge as follows, our Company hereby notifies your Association of the same pursuant to the provisions of Article 10, Paragraph 1, Item 20 (a) of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

1. Purpose of merger
2. Outline of merger
  - (a) Method of merger
  - (b) Merger ratio
  - (c) Date of merger
3. Summary of the new company

- (a) Trade name or name  
(In English:                    )
- (b) Head Office
  - [1] Address (Postal code:        )  
(In English:                    )
  - [2] Representative telephone number
  - [3] Fax number
- (c) Amount of capital
- (d) Title and name of an officer (Reading)
- (e) Title and name (reading) of the Important Employee (Reading)
- (f) Number of officers and employees    XX persons  
(including officers: YY persons; employees: ZZ persons)

- 4. Title and name of the company representative
- 5. Title and name of the person who is to act as the proxy of the above representative
- 6. Title and name of an administrative contact person
- 7. Attached documents
  - (a) List of major shareholders
  - (b) Head office location map
  - (c) Summary of each company before the merger (Appendix)

(Appended Form)

Summary of each company before the merger

- [1] Trade name or name
- [2] Location
- [3] Telephone number
- [4] Representative
- [5] Date of establishment                MM DD, YYYY
- [6] Capital
- [7] Description of business
- [8] Number of officers and employees    XX persons (including officers: YY persons; employees: ZZ persons)
- [9] Assets under management (net assets) or contract assets: XXXX (Unit: 100 million yen, amount as of the end of the month preceding the merger)

[10] Profit and loss and the status of property (Unit: 100 million yen)

	Fiscal year ended [Date]	Fiscal year ended [Date]	Fiscal year ended [Date]
Operating income			
Ordinary income			
current income			
Net assets			

Appended Form No. 25

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Transfer/Acquisition of Business

Since our Company has transferred/acquired the business as follows, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 20 (b) of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

1. Content of business of transfer/acquisition
2. The other party to the transfer/acquisition of business
3. Date of transfer/acquisition of business
4. Method of transfer/acquisition of business
5. Reason for transfer/acquisition of business

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Petition for Commencement of Bankruptcy Proceedings, etc.

Since a petition for the commencement of bankruptcy proceedings, etc. has been filed against [our Company/XX Trust Bank that is the trustee bank for the investment trust property established by our Company] as follows, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 21 of the Rules on Enforcement of Articles of Incorporation of your Association.

1. The date on which such petition for commencement of bankruptcy proceedings, etc. was filed
2. The name, address, and name of the representative of the person who filed such petition for commencement of bankruptcy proceedings, etc. (in the case of an individual, the name and address of the individual, excluding cases where the person who filed such petition for commencement of bankruptcy proceedings, etc. is a Full Member)
3. The name and address of the person against whom such petition for commencement of bankruptcy proceedings, etc. has been filed.
4. The type of such petition for commencement of bankruptcy proceedings, etc.
5. The background that led to the filing of such petition for commencement of bankruptcy proceedings, etc.
6. The content of such petition for commencement of bankruptcy proceedings, etc.
7. The name of the public offering fund, etc. that will be affected by such petition for commencement of bankruptcy proceedings, etc.

Publication date: MM DD, YYYY

Record date: MM DD, YYYY

Location of Head Office      XX-YY, Nihombashi Kabutocho, Chuo-ku, Tokyo

Contact information:XX Group, YY Section, ZZ Department

#### [Precautions for Description]

1. Enter all the names of public offering funds established/managed by the company that are affected by a petition for the commencement of bankruptcy proceedings, etc.

## Appended Form No. 27

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

### Report on Commencement of Inspection

As of [MM DD, YYYY], since the Securities and Exchange Surveillance Commission, etc. has commenced an inspection pursuant to the provisions of the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 22 of the Rules on Enforcement of Articles of Incorporation.

## Appended Form No. 28

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

### Report on Completion of Inspection

Our Company has been notified by AAAA that the inspection conducted by the Securities and Exchange Surveillance Commission, etc. pursuant to the provisions of the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations as of [MM DD, YYYY] has been completed based on XXXX, No. YY dated [MM DD, YYYY], and our Company has been pointed out that there are acts, etc. in violation of laws and regulations and various regulations as follows. Therefore, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 23 (a) of the Rules on Enforcement of Articles of Incorporation.

#### Description

Matters pointed out, etc.	
Name and provisions, etc. of laws and regulations, and the rules of the Association, etc.	
Summary of the case	
Contents of acts, etc.	1. Contents of acts 2. Background, causes, etc. of occurrence 3. Status of the internal control system at the time of occurrence

[Contact person]      Affiliation  
                                 Title and name  
                                 Telephone number

#### [Precautions for Description]

1. Briefly enter the contents in the summary column of the matters pointed out and the case and enter the details in the column for the contents of the act.
2. A copy of the Notice of Completion of Inspection shall be attached.

Appended Form No. 29

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

### Report on Completion of Inspection

Our Company has been notified by AAAA that the inspection conducted by the Securities and Exchange Surveillance Commission, etc. pursuant to the provisions of the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations as of [MM DD, YYYY] has been completed based on XXXX, No. YY dated [MM DD, YYYY], and our Company has not been pointed out that there are acts, etc. in violation of laws and regulations or various regulations as follows. Therefore, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 23 (b) of the Rules on Enforcement of Articles of Incorporation.

(Attached document: Copy of the Notice of Completion of Inspection)

Appended Form No. 30

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)  
(Representative)

Our Company recognizes that our Company has committed an act in violation of laws and regulations and various regulations and other improper acts thereof as follows. Therefore, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 24 of the Rules on Enforcement of Articles of Incorporation.

Description

Name and provisions, etc., if applicable to laws and regulations, the rules of the Association, etc.	
Summary of the case	
Contents of acts, etc.	<ol style="list-style-type: none"> <li>1. Contents of acts</li> <li>2. Background, causes, etc. of occurrence</li> <li>3. Status of the internal control system at the time of occurrence</li> <li>4. Status of correction and improvement</li> <li>5. Report to the supervisory government agency</li> </ol>

[Contact person]

Affiliation

Title and name

Telephone number

[Precautions for Description]

1. In the event of no violation of laws and regulations, various regulations, the basic terms and conditions, etc., the relevant column shall be left blank.
2. Briefly enter the contents in the summary column of the case and enter details in the column for the contents of the act.
3. As to the background of occurrence, the beginning of discovery, date and time of occurrence, department of occurrence, etc. shall also be described in detail.
4. If the status of correction or improvement is being formulated or improved, a separate report shall be submitted after the completion thereof. In addition, if internal dispositions, etc. are taken, the details thereof shall also be described.
5. Whether or not a report has been made to the supervisory government agency, and if a report has been made, the details (date of report, etc.) thereof shall be entered, and a copy thereof shall be attached thereto.

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Report on Business Improvement Order

Since [our Company/AAAA that is our major associated corporation] has received a business improvement order from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of Article 51 of the Financial Instruments and Exchange Act, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 25 of the Rules on Enforcement of Articles of Incorporation.

#### Description

Name of the administrative agency that issued the business improvement order	
Summary of the business improvement order	
Summary of the business to be improved	
Scheduled deadline for completion of improvement	
Name of the affected public offering fund, etc.	
Summary of effects on the management, operation, or disposition of the fund, etc.	

[Contact person]

Affiliation

Title and name

Telephone number

#### [Precautions for Description]

1. Enter all names of public offering funds established and managed by the company that are affected by the business improvement order.

(Attached document: A copy of the written order, etc. pertaining to the relevant disposition, etc. (limited to cases where a Full Member has received an order))



The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Report on Supervisory Disposition

Since [our Company/AAAA that is our major associated corporation] has received a supervisory disposition (XXXX) from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of Article 52 of the Financial Instruments and Exchange Act, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 26 of the Rules on Enforcement of Articles of Incorporation.

#### Description

Name of the administrative agency that issued the supervisory disposition	
Summary of the supervisory disposition	
Summary of the business, etc. to be corrected by the disposition	
Period of the disposition, etc.	
Name of the affected fund, etc.	
Summary of effects on the management, operation, or disposition of the fund, etc.	

[Contact person]

Affiliation

Title and name

Telephone number

#### [Precautions for Description]

1. Enter all names of funds, etc. established and managed by the company that are affected by the disposition.

(Attached document: A copy of the written order, etc. pertaining to the relevant disposition, etc. (limited to cases where a Full Member has received an order))

Appended Form No. 33

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Report on Order to Submit XXXX

Since our Company has been ordered to submit AAAA from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of Article 56-2 of the Financial Instruments and Exchange Act, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 27 of the Rules on Enforcement of Articles of Incorporation.

(Attached document: A copy of the written order, etc. pertaining to such submission)

Appended Form No. 34

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Regarding Submission of XXXX

Since our Company has been ordered to submit AAAA from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of (Article 51 and Article 56-2 of) the Financial Instruments and Exchange Act and has submitted it as of [MM DD, YYYY], our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 28 of the Rules on Enforcement of Articles of Incorporation.

(Attached document: A copy of the document submitted to the Financial Services Agency)

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Report on Order to Hand over Investment Trust Agreement

Since [our Company/AAAA Trust Bank that is a trustee bank for the investment trust property established by our Company] has received an order to hand over the investment trust agreement from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of Article 23 of the Act on Investment Trusts and Investment Corporations, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 29 of the Rules on Enforcement of Articles of Incorporation.

#### Description

Background to the issuance of the order of handover	
Name, etc. of the successor of the fund, etc. (address, name of representative, contact information)	
Summary of the business, etc. to be corrected by the disposition	
Period of the disposition, etc.	
Name of the fund to be handed over	
Summary of effects on the management, operation, or disposition of the fund, etc.	

[Contact person]

Affiliation

Title and name

Telephone number

#### [Precautions for Description]

1. Enter all names of funds, etc. established and managed by the company that are affected by the disposition.

(Attached document: A copy of such Order, etc. (limited to cases where a Full Member has received an order))

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Report on Order under Article 26 of Investment Trust Act

Since [our Company/AAAA that handles the public offering (private placement and other transactions) of beneficiary certificates of investment trusts established by our Company] received a prohibition (suspension) order of the public offering (private placement and other transactions) of beneficiary certificates (or received a prohibition (suspension) order of the handling, etc. of the public offering of beneficiary certificates at the following sales company) from XXXX based on YYYY No. ZZZZ dated [MM DD, YYYY] pursuant to the provisions of Article 26 of the Act on Investment Trusts and Investment Corporations, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 30 of the Rules on Enforcement of Articles of Incorporation.

#### Description

Summary of Order	
Name of the company whose public offering is prohibited (suspended)	
Period of the disposition, etc.	
Names of the fund, etc. whose public offering is prohibited (suspended)	
Summary of effects on the management, operation, or disposition of the fund, etc.	

[Contact person]

Affiliation

Title and name

Telephone number

#### [Precautions for Description]

1. Enter all names of funds, etc. established and managed by the company that are affected by the disposition.

(Attached document: A copy of such Order, etc. (limited to cases where a Full Member has received an order))

Appended Form No. 37

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Major Shareholder

Since our major shareholders have changed, our Company hereby reports the same pursuant to the provisions of Article 10, Paragraph 1, Item 31 of the Rules on Enforcement of Articles of Incorporation.

#### Description

Name, trade name, or company name	After change		Before change	
	Number of voting rights held	Percentage	Number of voting rights held	Percentage

Date of change	MM DD, YYYY
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Contact person: Affiliation  
Title and name:  
Telephone number:  
E-mail address:

Reporting guidelines, etc. for the Accident Report on Case of Leakage, etc. of Personal Information, etc.

1. Distinction between new and follow-up reports  
Any new report shall be “new,” and the case that has already been reported and that is to be reported in a secondary manner, such as details thereof, shall be prepared as a “follow-up report.”
2. Name of the department where the accident occurred, the affiliation and title of the person who caused the accident, and the persons concerned  
Names of the person who caused the accident and the persons concerned are not required to be entered.
3. Contents of the leaked information, etc.  
Specifically enter the type, contents, number of customers, etc. (number of cases), and other matters of personal information, personal data, or information on processing methods, etc. involved in an accident.  
If sensitive information is included, enter the number of such information.  
In addition, if the individual number and specific personal information are included, specifically enter the contents and the number of customers, etc. (number of cases).
4. Presence or absence of information protection measures such as encryption  
With regard to the presence or absence of information protection measures such as encryption, enter the presence or absence of measures that have been taken in advance with respect to the relevant information at the time of leakage, etc.
5. Leakage destination  
Enter whether the leakage destination has been identified and the status, etc. of collection of personal information, etc.
6. Status at the time of occurrence  
Enter the date and time of occurrence of the accident and the manner in which the accident occurred.  
If any notification or report has been made to the police for theft or loss, etc., enter the fact together.
7. Background to discovery  
Enter the date of discovery and the triggers for discovery (complaints from customers, internal inspections, petitions from persons in charge, etc.)
8. Status of notification to customers, etc.  
With regard to the response to the notification, etc. of the facts to the customer, etc. (the principal) involved in the accident, specifically enter departments in charge of the response, the number of customers, etc., and the status of the response, etc.
9. Presence or absence of publication, date, content, and method of publication  
If the information is to be published or has been published, specifically enter the date, content, and method of publication, and attach the publication materials.  
If it is decided not to publish the information, enter the reason therefor.
10. Analysis of causes of occurrence, recognition of problems, etc. (including the status of compliance with internal rules, etc.)  
Specifically enter the background of the accident that occurred, the cause of occurrence, etc.  
In light of internal rules, etc. regarding the safety control of personal information, personal data, etc., specifically enter the status of compliance therewith.
11. Measures to prevent recurrence, etc.  
Enter corrective and improvement measures to prevent recurrence, etc.
12. Presence or absence of reports to the supervisory government agency  
Enter whether the report has been made to the supervisory government agency (meaning the Financial Services Agency and the Personal Information Protection Commission) and if the report has been made, enter the date of the report.

Appended Form No. 39

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Abolition of XX Business

Since our Company has abolished XXXX, our Company hereby reports the same as follows pursuant to the provisions of Article 11, Item 1 of the Rules on Enforcement of Articles of Incorporation.

#### Description

1. Contents of the business abolished
2. Date of abolition: MM DD, YYYY



Appended Form No. 40

Application date	MM DD, YYYY
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The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

### Notification of Change of Trade Name or Name

Since our Company will change our trade name or name as follows as of [MM DD, YYYY], our Company hereby notifies your Association of the same pursuant to the provisions of Article 11, Item 2 of the Rules on Enforcement of Articles of Incorporation of your Association.

#### Description

	After change	Before change
Trade name or name		
Trade name or name (Reading)		
Trade name or name (In English)		

Date of change	MM DD, YYYY
----------------	-------------

Appended Form No. 41

Application date	MM DD, YYYY
------------------	-------------

The Investment Trusts Association, Japan

To: Chairperson

Trade name or name	
Representative	

Notification of Change of Location of Head Office

Since our Company will change the location of the head office as follows, our Company hereby reports the same to your Association pursuant to the provisions of Article 11, Item 3 of the Rules on Enforcement of Articles of Incorporation.

Description

	After change	Before change
Name of the head office to be changed		
Postal code		
Address		
Address (In English)		
Telephone number		
Fax number		

Date of change	MM DD, YYYY
----------------	-------------

Appended Form No. 42

Application Date: MM DD, YYYY

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Notification of Withdrawal from Membership

Our Company hereby notifies your Association of our intention to withdraw from membership as follows pursuant to the provisions of Article 16 of the Rules on Enforcement of Articles of Incorporation.

#### Description

1. Date of withdrawal

2. Reasons for withdrawal

# Operational Rules

Established on September 25, 1967  
Revised on December 20, 1968  
Revised on January 30, 1969  
Revised on January 16, 1970  
Revised on April 10, 1970  
Revised on October 30, 1970  
Revised on July 16, 1971  
Revised on May 19, 1972  
Revised on November 17, 1972  
Revised on January 27, 1984  
Revised on October 21, 1988  
Revised on March 17, 1994  
Revised on December 28, 1994  
Revised on December 15, 1995  
Revised on November 7, 1997  
Revised on February 20, 1998  
Revised on March 10, 1998  
Revised on November 27, 1998  
Revised on April 16, 1999  
Revised on November 17, 2000  
Revised on March 17, 2003  
Revised on March 18, 2005  
Revised on December 16, 2005  
Revised on February 16, 2007  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on June 20, 2008  
Revised on September 16, 2009  
Revised on June 16, 2011  
Revised on June 14, 2012  
Revised on April 20, 2017  
Revised on June 10, 2021

## Chapter 1 General Provisions

### Article 1. Purpose

The purpose of these Rules is to stipulate the business methods stipulated in each item of Article 4, Paragraph 1 of the Articles of Incorporation of The Investment Trusts Association, Japan (hereinafter referred to as the “Association”) among the business of the Certified Financial Instruments Business Associations stipulated in Article 78, paragraph (2) and Article 78-2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”)

## Chapter 2 Business Stipulated in Article 4, Paragraph 1, Item 1 of Articles of Incorporation

### Article 2. Business, etc.

The Association shall provide guidance, recommendations, and other business to have Full Members (meaning Full Members stipulated in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) and Financial Instruments Intermediary Service Providers (meaning financial instruments intermediary service providers stipulated in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) observe the provisions of the FIEA, the Act on Investment Trusts and Investment

Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”) and other laws and regulations, the Articles of Incorporation, and other rules of the Association (including resolutions of the board of directors; the same shall apply hereinafter)

#### Article 3. Grasp of Status of Compliance of Members

1. The Association shall, through conducting questionnaire surveys for Full Members and Financial Instruments Intermediary Service Providers, examining their daily business, and other activities, endeavor to grasp the status of compliance (hereinafter referred to as the “Status of Compliance”) of Full Members and Financial Instruments Intermediary Service Providers with the provisions of the FIEA, the Investment Trust Act, and other laws and regulations, or the Articles of Incorporation and other rules of the Association (hereinafter referred to as the “Laws and Regulations, etc.”)
2. If the Association has obtained any information, etc. on the Status of Compliance of a Full Member or a Financial Instruments Intermediary Service Provider, the Association shall endeavor to grasp the actual status by holding hearings, etc. with the Full Member, as necessary.
3. If it is deemed difficult to grasp the actual status thereof by the methods stipulated in the preceding paragraph, the Association shall, as necessary, request the submission of materials or an explanation in writing or orally stipulated in Article 14 of the Articles of Incorporation, or conduct a member investigation stipulated in Article 15 of the Articles of Incorporation.
4. If a member investigation is conducted pursuant to the preceding paragraph, such investigation shall be conducted according to the methods stipulated in Article 9, Paragraph 2.

#### Article 4. Guidance, etc.

1. If the Association finds that the Status of Compliance of a Full Member and a Financial Instruments Intermediary Service Provider is inappropriate, the Association shall, as necessary, provide necessary guidance and recommendations to the Member in order to improve the Status of Compliance.
2. The procedures for providing recommendations pursuant to the preceding paragraph shall be stipulated in the Rules on Dispositions, etc. of Members (hereinafter referred to as the “Rules on Dispositions of Members”).
3. If the Association provides guidance or recommendations to a Full Member, the Association shall request the Full Member to submit a written report on the formulation of a business improvement plan and the status of its implementation in order to improve the Status of Compliance, as necessary.

#### Article 5. Business for Improving Compliance

In order to improve the status of compliance, etc. of Full Members and Financial Instruments Intermediary Service Providers with the FIEA, the Investment Trust Act, and other laws and regulations, the Association shall conduct the following business:

- (1) Implementation of training, seminars, etc. for officers and employees of Full Members and Financial Instruments Intermediary Service Providers;
- (2) Dissemination of cases of violations of the Laws and Regulations, etc. by Full Members and Financial Instruments Intermediary Service Providers; and

(3) Any other business deemed necessary by the Association.

Chapter 3 Business Stipulated in Article 4, Paragraph 1, Item 2 of Articles of Incorporation

Article 6. Business, etc.

With regard to the financial instruments business, etc. (including business pertaining to the investment trust managed without instructions from the settlor; the same shall apply hereinafter) conducted by Full Members and Financial Instruments Intermediary Service Providers, the Association shall conduct the member investigation, guidance, recommendations, and other business necessary for appropriateness of asset management, etc. and public offerings and private placements, etc. of beneficiary certificates (including the book-entry transfer beneficial interest in an investment trust; the same shall apply hereinafter), and ensuring the protection of investors.

Article 7. Grasp of Status of Business Operations of Members

1. With regard to the financial instruments business, etc. conducted by Full Members and Financial Instruments Intermediary Service Providers, the Association shall endeavor to grasp the status of business operations of the asset management and the public offering or private placement of beneficiary certificates of Full Members and Financial Instruments Intermediary Service Providers through conducting questionnaire surveys for Full Members and examining their daily business.
2. If the Association has obtained information, etc. on the status of business operations such as the asset management and the public offering or private placement of beneficiary certificates by a Full Member and a Financial Instruments Intermediary Service Provider, the Association shall endeavor to grasp the actual status thereof by holding hearings, etc. with the Full Member, as necessary.
3. If it is deemed difficult to grasp the actual status thereof by the methods stipulated in the preceding paragraph, the Association shall, if necessary, request the submission of materials or an explanation in writing or orally pursuant to Article 14 of the Articles of Incorporation, or conduct a member investigation stipulated in Article 15 of the Articles of Incorporation.
4. If conducting a member investigation pursuant to the preceding paragraph, the Association shall conduct such investigation according to the methods stipulated in Article 9, Paragraph 2.

Article 8. Guidance, etc.

1. If the Association finds that the status of business operations such as the asset management and the public offering or private placement, etc. of beneficiary certificates by a Full Member and a Financial Instruments Intermediary Service Provider is inappropriate and that a situation is deemed necessary to protect investors, the Association shall, as necessary, provide necessary guidance or recommendations to the Full Member in order to ensure the appropriateness of the business operations.
2. The procedures for providing recommendations pursuant to the preceding paragraph shall be stipulated in the Rules on Dispositions of Members.
3. If the Association provides guidance or recommendations to a Full Member, the Association shall request, as necessary, the Full Member to submit a written report on the formulation of a business improvement plan

and the status of its implementation in order to ensure the appropriateness of the asset management, etc.

#### Chapter 4 Business Stipulated in Article 4, Paragraph 1, Item 3 of Articles of Incorporation

##### Article 9. Member Investigation

1. The Association shall conduct a member investigation of a Full Member and a Financial Instruments Intermediary Service Provider with regard to compliance with the FIEA, the Investment Trust Act, orders based thereon, dispositions based thereon, the Articles of Incorporation and other rules of the Association (including resolutions of the board of directors) the basic terms and conditions of the investment trust, or the Certificate of Incorporation of the investment corporation (hereinafter referred to as the “Laws and Regulations, etc.”) or the principle of good faith in transactions.
2. The member investigation stipulated in the preceding paragraph shall be conducted by any of the following methods:
  - (a) On-site investigation;
  - (b) Investigation in writing;
  - (c) Investigation by hearing; or
  - (d) Other investigations by methods deemed appropriate by the Association.

##### Article 10. Member Investigation Rules

Necessary matters for the implementation of the member investigation stipulated in the preceding Article shall be stipulated in the Rules on Member Investigation.

##### Article 11. Measures for Results of Member Investigation

1. If the Association has found the fact of a violation of the Laws and Regulations, etc. by the relevant Full Member as a result of conducting a member investigation pursuant to Article 9, the Association shall appropriately respond to the violation in accordance with the Articles of Incorporation or the Rules on Dispositions of Members, as necessary.
2. Procedures for making a disposition based on the Articles of Incorporation or taking other measures against the relevant Full Member shall be stipulated in the Rules on Dispositions of Members.

#### Chapter 5 Business Stipulated in Article 4, Paragraph 1, Item 4 of Articles of Incorporation

##### Article 12. Resolution of Complaints

1. The Association shall conduct the business for resolving complaints from investors concerning the business of the financial instruments business, etc. pertaining to investment trusts and investment corporations conducted by Full Members and Financial Instruments Intermediary Service Providers (hereinafter referred to as the “Complaint Resolution Business”)
2. The Complaint Resolution Business stipulated in the preceding paragraph may be entrusted pursuant to the provisions of Article 78-8, paragraph (1) of the FIEA.

3. Necessary matters for the Complaint Resolution Business shall be stipulated in the Rules on Entrustment of Business, etc. for Resolution of Complaints and Disputes (hereinafter referred to as the “Rules on Resolution of Complaints, etc.”)

Chapter 6 Business Stipulated in Article 4, Paragraph 1, Item 5 of Articles of Incorporation

Article 13. Mediation for Dispute Resolution

1. If there is a dispute concerning the business of the financial instruments business, etc. pertaining to investment trusts and investment corporations conducted by Full Members and Financial Instruments Intermediary Service Providers, the Association shall conduct the business pertaining to the mediation (hereinafter referred to as the “Mediation Business”) in order to resolve the dispute.
2. The Mediation Business stipulated in the preceding paragraph may be entrusted pursuant to the provision of Article 78-8, paragraph (1) of the FIEA.
3. Necessary matters for the Mediation Business shall be stipulated in the Rules on Resolution of Complaints, etc.

Article 14. Entrustment of Complaint Resolution Business and Mediation Business

1. If the Complaint Resolution Business and the Mediation Business are entrusted to a third party pursuant to the provisions of Article 12, Paragraph 2 and Article 13, Paragraph 2, the Association shall entrust such business to a person with sufficient financial basis and personnel structure to perform such business properly.
2. In entrusting the business pursuant to the preceding paragraph, the Association shall conclude a contract necessary for entrusting such business such as a letter of agreement.

Chapter 7 Business Stipulated in Article 4, Paragraph 1, Item 6 of Articles of Incorporation

Article 15. Establishment, Amendment, or Abolition of Rules

1. The Association shall establish, amend, or abolish rules (including resolutions of the board of directors) and conduct other business necessary for the appropriateness of the financial instruments business, etc. pertaining to investment trusts and investment corporations conducted by Full Members and Financial Instruments Intermediary Service Providers.
2. The establishment, amendment, or abolition of the rules stipulated in the preceding paragraph shall be made by a resolution of the board of directors.

Chapter 8 Business Stipulated in Article 4, Paragraph 1, Item 7 of Articles of Incorporation

Article 16. Business of Accredited Personal Information Protection Organization

1. The Association shall conduct the following business concerning the handling of personal information pertaining to the financial instruments business conducted by Full Members and Financial Instruments



Intermediary Service Providers as an accredited personal information protection organization who have received an accreditation pursuant to Article 47, paragraph (1) of the Act on the Protection of Personal Information (Act No. 57 of 2003):

- (1) Handling of complaints concerning the handling of personal information by Full Members and Financial Instruments Intermediary Service Providers;
  - (2) Preparation and publication of the Personal Information Protection Guidelines;
  - (3) Guidance, recommendations, and other measures necessary to ensure compliance with the Personal Information Protection Guidelines;
  - (4) Provision of information to Full Members and Financial Instruments Intermediary Service Providers on matters that contribute to ensure the proper handling of personal information;
  - (5) Training, etc. for officers and employees of Full Members and Financial Instruments Intermediary Service Providers in order to ensure the proper handling of personal information;
  - (6) Publication of the name of the Full Member;
  - (7) Liaison and coordination with relevant organizations; and
  - (8) In addition to what is listed in the preceding items, matters necessary for ensuring the proper handling of personal information by Full Members and Financial Instruments Intermediary Service Providers.
2. With regard to the business pertaining to the handling of complaints concerning the handling of personal information by Full Members and Financial Instruments Intermediary Service Providers listed in Item 1 of the preceding paragraph, the Association shall conduct such business based on the Rules on Handling of Complaints concerning Handling of Personal Information by Full Members and Financial Instruments Intermediary Service Providers separately stipulated.

#### Chapter 9 Business Stipulated in Article 4, Paragraph 1, Item 8 of Articles of Incorporation

Article 17. Enlightenment and Dissemination of Investment Trusts, etc.

1. The Association shall endeavor to promote the sound development of investment trusts and investment corporations and to protect investors through activities related to the enlightenment and dissemination of knowledge concerning investment trusts and investment corporations.
2. In order to enlighten and disseminate knowledge concerning investment trusts and investment corporations, the Association shall conduct the following business:
  - (1) Business concerning the issuance of various publications pertaining to investment trusts or investment corporations;
  - (2) Business concerning the holding of lectures, seminars, etc.; and
  - (3) Other business concerning the enlightenment and dissemination of knowledge of investment trusts and investment corporations.

#### Chapter 10 Business Stipulated in Article 4, Paragraph 1, Item 13 of Articles of Incorporation

Article 17-2. Registration Work of Sales Representatives

The Association shall conduct the registration work of sales representatives stipulated in Article 4, Paragraph 1, Item 13 of the Articles of Incorporation in accordance with the rules separately stipulated. Other Business

Chapter 11 Other Business

Article 18. Other Business

The Association shall, in order to achieve its purpose, conduct the following business:

- (1) Preparation and publication of statistics, etc. concerning investment trusts and investment corporations;
- (2) Internal and external investigation, research, and international exchanges concerning investment trusts and investment corporations;
- (3) Communication and coordination of opinions among Full Members and with financial instruments business associations, and other relevant organizations, etc.;
- (4) Proposals, requests, and communications to relevant government agencies and other relevant organizations; and
- (5) In addition to what is listed in the preceding items, publicity activities for investors and other business necessary for achieving the purpose of the Association.

Chapter 12 Organizations, etc. of Association

Article 19. Committee

1. The Association shall establish a committee for the smooth performance of the business of the Association.
2. The structure, operation, etc. of the committee stipulated in the preceding paragraph shall be stipulated in the Rules on Establishment of Committee separately stipulated.
3. In addition to the committees stipulated in the Rules on Establishment of Committee, the Association may, as necessary, establish extraordinary committees by a resolution of the board of directors.

Article 20. Secretariat Organization

The organization, division of affairs, authority, etc. of the Secretariat of the Association shall be governed by internal rules separately stipulated.

Article 21. Accounting

1. The accounting procedures of the Association shall be conducted in accordance with laws and regulations, the Articles of Incorporation of the Association, and the Rules on Accounting Procedures separately stipulated, as well as in accordance with the Accounting Standards for Public Interest Corporations and other accounting standards generally accepted as fair and appropriate.
2. The Association shall conduct the accounting procedures in accordance with the Rules on Accounting Procedures separately stipulated.
3. The Association shall conduct an audit of the accounting of the Association by a certified public accountant.

## Chapter 13 Others

### Article 22. Establishment of System for Protection of Personal Information

The Association shall, in order to prevent the leakage, loss, or damage of personal information handled in order to perform its business, establish rules concerning the safety management of personal information, thereby establishing an appropriate management system.

The Association shall not use information on race, creed, family origin, domicile, etc. or other special non-public information concerning individuals handled for the performance of its business (meaning unpublished information that has come to its knowledge in the course of its business) for purposes other than ensuring the appropriate operation of the Association's business or for other purposes deemed necessary.

### Article 23. Securities Transactions by Officers and Employees of Association

1. The Association's officers (limited to full-time officers; the same shall apply hereinafter) and employees (including non-regular employees; the same shall apply hereinafter) shall not sell or purchase securities based on trends in the management of the trust property, etc. or non-public information pertaining to issuing companies obtained in the course of their business, or other special information obtained in the course of their duties, or solely for the purpose of pursuing speculative profits, by making use of their professional status.
2. If any officer or employee of the Association commits any of the acts listed in the preceding paragraph, the Association shall take strict measures against the relevant person who commits such act.

### Article 24. Confidentiality, etc.

No officer of the Association, committee member or employee of any committee, etc., or any person who was formerly in the position thereof shall divulge or misappropriate any secret that he/she has come to know in the course of performing his/her duties to others without justifiable grounds.

#### Supplementary Provision

The provisions shall come into force on October 1, 1967.

#### Supplementary Provision

Amendments to the provisions shall come into force on December 25, 1968.

#### Supplementary Provision

Amendments to the provisions shall come into force on February 10, 1969.

Supplementary Provision

The amended provisions of Article 5 and Article 6 shall come into force on February 1, 1970.

Supplementary Provision

The amended provisions of Article 5 and Article 7 shall come into force on April 10, 1970.

Supplementary Provision

The amended provisions of Article 5 and Article 10 shall come into force on October 1, 1970.

Supplementary Provision

The amended provisions of Article 5 shall come into force on August 25, 1971.

Supplementary Provision

The amended provisions of Article 5 shall come into force on May 17, 1972.

Supplementary Provision

The amended provisions shall come into force on December 1, 1972.

Supplementary Provision

The amended provisions of Article 2 shall come into force on January 27, 1984.

Supplementary Provision

The amended provisions of Article 3, Article 14, and Article 16 shall come into force on October 26, 1988.

Supplementary Provision

The amended provisions shall come into force on March 17, 1994.

Supplementary Provision

The amended provisions of Article 2, Article 2-2, Article 2-3, Article 3, and Article 10-2 shall come into force on January 1, 1995.

Supplementary Provisions

1. The amended provisions shall come into force on January 1, 1996.
2. In cases where an entrusting party has come to appoint a discretionary investment company's (meaning the investment advisor stipulated in Article 2-3, Paragraph 2 after the amendment; hereinafter the same shall apply in this paragraph) officer (meaning an officer stipulated in that paragraph) or employee as an officer or employee of the entrusting party, or has come to use a business office used by a discretionary investment company, if the discretionary investment company is a discretionary investment company actually established under the laws and regulations of a foreign country at the time of the enforcement of the

provisions, the term “using (limited to the cases where it is deemed that the business of a discretionary investment company is substantially operated as a result thereof)” in that paragraph shall be deemed to be replaced with “In cases where it is deemed that the business of a discretionary investment company is substantially operated as a result of using, instructions on transactions that would harm the interests of beneficiaries pertaining to the trust property in order to promote the interests of customers pertaining to the discretionary investment contract concluded by the discretionary investment company.”

#### Supplementary Provision

The amended provisions of Article 10 and Article 10-2 shall come into force on December 1, 1997.

#### Supplementary Provision

The amended provisions of Article 13 shall come into force on March 23, 1998.

#### Supplementary Provision

The amended provisions of Article 8 shall come into force on March 24, 1998.

#### Supplementary Provisions

This amendment shall come into force on December 1, 1998.

\* The amended provisions, etc. are as follows:

- (1) Article 1, Article 3, Article 4, Article 5, Article 6, Article 7, Article 10, Article 11, and Article 12 have been amended.
- (2) Articles 2 through 3, Articles 5 and 6 have been deleted, Article 4 has been changed to Article 3, Article 7 and Article 8 have been advanced to three Articles, respectively, replaced with Article 4 and Article 5, and Article 2 has been newly established.
- (3) Article 9, Article 10-2, and Article 13 have been deleted, Articles 10 through 12 and Articles 14 through 16 have been advanced to four Articles respectively, replaced with Article 6 through Article 12, and Article 9 has been newly established.

#### Supplementary Provisions

The amended provisions shall come into force on April 21, 1999; provided, however, that the provisions of Article 13, Paragraph 2 after the amendment shall apply to the investment report pertaining to the trust property for which the fiscal year end will arrive on or after January 1, 2000.

#### Supplementary Provision

The amended provisions shall come into force on November 30, 2000.

#### Supplementary Provision

The amended provisions shall come into force on June 1, 2003.

Supplementary Provision

This amendment shall come into force on April 1, 2005.

Supplementary Provision

This amendment shall come into force on January 31, 2006.

Supplementary Provision

This amendment shall come into force on March 8, 2007.

Supplementary Provision

This amendment shall come into force on the date on which the approval of the competent government agency is obtained for the Articles of Incorporation (September 30, 2007).

Supplementary Provisions

1. This amendment shall come into force on the date on which the approval of the competent government agency is obtained (March 31, 2008).
2. Ensuring Proper Handling of Personal Information by Members (Resolution of the Board of Directors of April 27, 2005) shall be abolished as of the date of the approval of the competent government agency pertaining to the amendment of the Operational Rules (March 31, 2008).

Supplementary Provision

This amendment shall come into force on October 1, 2008; provided, however, that the amendment of Article 10 shall come into force on the date on which the approval of the competent government agency is obtained (July 25, 2008).

Supplementary Provisions

1. This amendment shall come into force on the date separately stipulated by the board of directors (December 17, 2009) upon the approval of the competent government agency.
2. At the time of enforcement of this amendment, complaints that have actually been filed with the Association pursuant to the provisions of the Complaint Resolution Rules pursuant to the provisions of Article 12, Paragraph 2 prior to the amendment shall be handled by the Association until they are resolved.
3. At the time of the enforcement of this amendment, with regard to mediation that has actually been filed with the Association pursuant to the provisions of the Complaint Resolution Rules pursuant to the provisions of Article 13, paragraph 2 prior to the amendment, the provisions then in force shall remain applicable until the conclusion of the case pertaining to such mediation.

Supplementary Provisions

This amendment shall come into force on the date of registration of establishment of a general corporation stipulated in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms pursuant to Article

121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

\*These Supplementary Provisions were amended by the amendment of June 14, 2012.

#### Supplementary Provisions

This amendment shall come into force on the date of registration of establishment of a general corporation stipulated in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms pursuant to Article 121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (January 4, 2013).

#### Supplementary Provision

This amendment shall come into force on May 30, 2017 with the approval of the competent government agency.

#### Supplementary Provision

This amendment shall come into force on the date of the approval of the competent government agency (July 1, 2021).

## Rules on Establishment of the Committees

Established on February 19, 1962  
Revised on April 8, 1964  
Revised on March 15, 1965  
Revised on March 18, 1966  
Revised on April 27, 1967  
Fully revised on April 18, 1969  
Revised on November 19, 1976  
Revised on December 21, 1979  
Revised on March 20, 1981  
Revised on March 18, 1983  
Revised on November 21, 1986  
Revised on November 20, 1987  
Revised on November 18, 1988  
Revised on June 21, 1991  
Revised on November 27, 1998  
Revised on January 19, 2001  
Revised on April 19, 2002  
Revised on January 20, 2006  
Revised on February 16, 2007  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on April 21, 2011  
Revised on June 16, 2011  
Revised on June 14, 2012  
Revised on March 9, 2017  
Revised on June 8, 2017  
Revised on April 18, 2019  
Revised on November 21, 2019  
Revised on June 10, 2020  
Revised on May 20, 2021  
Revised on July 15, 2021

### Chapter 1: General Provisions

#### Article 1 Purpose

These Rules provide for the necessary matters concerning the name, composition, operation, etc. of the committee to be established by the Investment Trusts Association, Japan (hereinafter referred to as the “Association”) under the provisions of Article 43 of the Articles of Incorporation.

#### Article 2 Type of Committee

1. The Association shall have a Self-regulation Committee, Policy Committee, Special Measures Committee, Officer Nomination Committee, Disciplinary Committee and Appeal Examination Committee as its constituent committees.
2. In addition to the committees stipulated in the preceding paragraph, the Association may establish special committees by resolution of the Board of Directors in order to examine matters to be consulted by the Board of Directors.

#### Article 3 By-laws for Meeting

Each committee may, when it finds it necessary in connection with the proceedings or the operation of the Meeting, prescribe necessary matters in addition to those provided for in these Rules.



## Chapter 2: Self-regulation Committee

### Article 4 Matters under Jurisdiction

The Self-regulation Committee shall have jurisdiction over any of the following matters and may respond to inquiries from the Board of Directors regarding any of such matters under its jurisdiction or discuss any matter it deems necessary and submit its opinions to the Board of Directors.

- (1) Matters concerning self-regulation of the investment trust and investment corporation such as operation, valuation and accounting, and disclosure
- (2) Matters concerning self-regulation of public offering or private placement of beneficiary certificates (including book-entry transfer beneficial interests in investment trust), investment securities or investment corporation bond certificates (including book-entry transfer investment corporation bonds) or other transactions
- (3) Other matters concerning self-regulation related to business conducted by the Full Members of the investment management business, etc.

### Article 5 Composition of Committee

1. The number of members of the Self-regulation Committee shall not exceed 20, and shall consist of Committee Members with the Association Membership (Committee Members with Full Membership and Committee Members with Supporting Members; the same shall apply hereinafter) and the Outside Committee Members (committee members other than the ones with the Association Membership; the same shall apply hereinafter).
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. However, the term of office of committee members elected as replacements shall be the remaining term of office of their predecessors.
3. A Committee Member with the Association Membership shall be appointed to the committee from among persons recommended by a Member Representative as representative of a Full Member or a Supporting Member.
4. Outside Committee Members shall be appointed from among experts such as certified public accountants and attorneys at law, etc. (excluding persons engaged in the ordinary business of a company engaged in the investment management business).

### Article 6 The Head and Vice-head of Committee

1. The Self-regulation Committee shall have one Head and a small number of Vice-heads.
2. The Chairperson shall appoint, with the consent of the Board of Directors, the Head of Committee from among the Outside Committee Members and the Vice-head of Committee from among the committee members.

Article 7 Convocation of Committee, etc.

1. The Self-regulation Committee shall be convened by the Head of Committee, who shall preside over the meeting.
2. The Vice-heads of Committee shall assist the Head, and shall act on his/her behalf when the Head is unable to fulfil his/her duties.

Article 8 Quorum and Voting

1. Decisions at a Self-regulation Committee meeting shall be made with a majority of members in attendance, and by a majority of those present.
2. Each committee member shall have one voting right. However, any committee member who has a special interest in a resolution of the Committee shall have no voting right.
3. When any committee member is unable to attend the deliberations and resolutions at the place where the Committee is held due to unavoidable circumstances, etc., such member may attend the deliberations and resolutions at a telephone conference, a video conference, an online conference or any other method that enables such member to immediately participate in the deliberations and resolutions at the Committee. Provided, however, that this shall be done only when it is stated in the convocation notice from the Convener or when individual consent is obtained from the Convener.

Article 9 Committee in Writing

1. When the Head deems it necessary, he/she may substitute a resolution by the Committee for a resolution by requesting opinions in writing from the committee members without convening the Committee.
2. The provisions of the preceding article shall apply mutatis mutandis to the resolution in the case of the preceding paragraph.

Article 10 Attendance of Persons Other Than Committee Members

1. The Chairperson, the Vice-chairperson or the Managing Director and the Secretary-General may attend and comment on the Committee as the occasion demands.
2. The Head of Committee may, with the consent of the Committee, permit members and persons other than those set forth in the preceding paragraph to attend the meeting and may ask for their opinions as necessary.

Article 11 Expert Committee, etc.

1. The Self-regulation Committee may establish a necessary examination organ such as an Expert Committee, etc. by a decision of the Committee if it is deemed necessary to conduct an expert examination on specific problems relating to matters under its jurisdiction.
2. The number of members of the Expert Committee, etc., the composition of the members and other matters necessary for the operation of the Expert Committee shall be determined by the Committee.

Article 12 Preparation of Minutes

Minutes of the proceedings and results of the proceedings of the Self-regulation Committee shall be prepared.

Chapter 3: Policy Committee

Article 13 Matters under Jurisdiction

The Policy Committee shall have jurisdiction over any of the following matters and may respond to inquiries from the Board of Directors on such matters under its jurisdiction or discuss any matter it deems necessary and submit its opinions to the Board of Directors.

Matters regarding the operation of the Association

- (1) Matters concerning the investment trust and investment corporation system
- (2) Matters concerning taxation on the investment trust and investment corporation
- (3) Matters regarding promotion of and education about the investment trust and investment corporation
- (4) Other matters related to the activities, etc. of the investment trust industry

Article 14 Composition of Committee

1. The members of the Policy Committee shall not exceed 20 and shall consist of the Committee Members with Full Membership.
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. However, the term of office of members elected as replacements shall be the remaining term of office of their predecessors.
3. Committee members shall be appointed from among those recommended by Member Representatives as representatives of Full Members.

Article 15 The Head and Vice-head of Committee

1. The Policy Committee shall have one Head and one Vice-head.
2. The Head and Vice-head of Committee shall be appointed by the Chairperson from among the committee members with the consent of the Board of Directors.

Article 16 Convocation of Committee, etc.

1. The Policy Committee shall be convened by the Head of Committee, who shall preside over the meeting.
2. The Vice-heads of Committee shall assist the Head, and shall act on his/her behalf when the Head is unable to fulfil his/her duties.

Article 17 Quorum, Resolution and Preparation of Minutes, etc.

The provisions of Article 8, Article 9 and Article 12 shall apply mutatis mutandis to the quorum, voting, and holding of the Policy Committee in writing and preparation of the minutes of the Policy Committee. In this case, the term "Self-regulation Committee" in Article 8 and Article 12 shall be deemed to be replaced with "Policy Committee."

Article 18 Attendance of Persons Other Than Committee Members

1. Chairperson, the Vice-chairperson or the Managing Director and the Secretary-General may attend and comment on the Committee as the occasion demands.
2. The Head may, when he/she find it necessary, request the attendance of any person other than the committee members and the persons set forth in the preceding paragraph and hear their opinions with the consent of the Committee.

Article 19 Expert Committee, etc.

1. The Policy Committee may, when it finds it necessary to conduct expert examination on specific problems relating to matters under its jurisdiction, establish necessary examination bodies such as expert committees by a decision of the Committee.
2. The number of members of the Expert Committee, etc., the composition of the members and other matters necessary for the operation of the Expert Committee shall be determined by the Committee.

Chapter 4: Special Measures Committee

Article 20 Matters under Jurisdiction

The Special Measures Committee shall decide upon the measures to be taken in the event that the supply and demand of Shares, etc. becomes unilateral and the market function fails to function normally or any other event equivalent thereto (hereinafter referred to as an "Emergency Event") occurs due to suspension of transactions on Financial Instruments Exchanges, suspension of transactions on the foreign exchange market or decline of stock prices on the stock market.

Article 21 Composition of Committee

1. The number of members of the Special Measures Committee shall not exceed twelve and shall consist of one Chairperson, Vice-chairperson or Managing Director and Committee Members with the Association Membership.
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. Provided, however, that the term of office of any committee member (including any person newly appointed as Chairperson, Vice-chairperson or Managing Director) elected as a result of the re-election shall be the remaining term of office of the predecessor.
3. A Committee Member with Full Membership shall be appointed from among the representatives of Full Members or their proxies, and a Committee Member with Supporting Membership shall be appointed from among the representatives of Supporting Members.

Article 22 The Head of Committee

1. The Head of the Special Measures Committee shall be the Chairperson.
2. When the Head of Committee is unable to perform his/her duties, the Vice-chairperson or the Managing

Director shall act for them.

3. When both the Head of Committee and the Vice-chairperson or the Managing Director are unable to perform their duties, a committee member designated in advance by the Head of Committee shall perform such duties on their behalf.

#### Article 23 Convocation of Committee

1. The Special Measures Committee shall be convened by the Head of Committee when he/she deem it necessary to decide measures required in case of Emergency Event, who shall preside over the meeting.
2. When the Special Measures Committee is convened in accordance with the provision of the preceding paragraph, the Association shall promptly communicate the details of any Emergency Event that has occurred and any other necessary matters to the committee members and the Association members.

#### Article 24 Resolution, etc. for Implementation of Measures

1. The Special Measures Committee may decide to implement any of the measures set forth in the following items in accordance with the details of the Emergency Event which has occurred and the circumstances after the occurrence thereof.
  - (1) Suspension of acceptance of applications for establishment and cancellation
  - (2) Other measures deemed appropriate by the Special Measures Committee
2. When the Special Measures Committee decides to implement any measure pursuant to the provisions of the preceding paragraph, the Association shall promptly notify the members of the content of the decided measure and any other necessary matters.

#### Article 25 Cancellation of Measures

1. The Special Measures Committee shall decide to cancel the measures taken under the provisions of the preceding article if it is found that transactions on a financial instruments exchange have been recommenced or any other circumstances have changed.
2. When the Special Measures Committee has decided to cancel the Special Measures pursuant to the provisions of the preceding paragraph, the Association shall promptly notify the Association members to that effect.

Provided, however, that if, at the time of adopting a resolution to implement any measure pursuant to the provisions of the preceding article, the conditions for cancellation of such measure and the time for cancellation thereof have also been adopted, such resolution to cancel such measure shall be deemed to have been adopted.

#### Article 26 Quorum, Resolution and Preparation of Minutes, etc.

The provisions of Article 8, Article 9 and Article 12 shall apply mutatis mutandis to the quorum, voting, and holding of the Special Measures Committee in writing and preparation of the minutes of the Special Measures Committee. In this case, the term "Self-regulation Committee" in Article 8 and Article 12 shall be deemed to be replaced with "Special Measures Committee."

Article 27 Voting, etc. in the Event of Unavoidable Circumstances

1. If the Head of the Committee deems it appropriate to take necessary emergency measures in order to secure and protect the appropriate operation of the investment trust in the Emergency Event and deems it difficult to immediately call a meeting of the Special Measures Committee, the Head of the Committee may consult committee members concerning the measures provided in Article 24 by means of communication such as telephone, e-mail, etc. to hear their opinions, notwithstanding the provisions of Article 9 as applied mutatis mutandis pursuant to Article 23 and the preceding article. If the Head of the Committee obtains the approval of a majority of the committee members for the implementation of the measures, it shall be deemed that a resolution has been passed at the Special Measures Committee based on the provisions of Article 8 as applied mutatis mutandis pursuant to the preceding article.

In this case, the Head of Committee shall notify the committee members and the Association members of the contents of the decided measures and other necessary matters as soon as possible.

2. When the Head of the Committee finds it appropriate to take necessary measures to prevent confusion in the investment trust market and protect investors in the Emergency Event and impossible to convene a Special Measures Committee or to consult with or hear the opinions of the committee members through the communication means, etc. prescribed in the preceding paragraph, he/she may decide to take such measures at his/her discretion.

In this case, the Head of Committee shall notify the committee members and the Association members of the contents of the decided measures and other necessary matters as soon as possible in accordance with the state of restoration of the communication means, etc.

3. If the Head of Committee finds that there has been a change in the situation, such as the resumption of transactions on a financial instruments exchange or any other change in circumstances, and finds it appropriate to adopt a resolution to cancel any measure taken pursuant to the provisions of Paragraph 1 or 2 and finds it difficult to immediately convene a Special Measures Committee meeting, the Head of the Committee may, notwithstanding the provisions of Article 9 as applied mutatis mutandis pursuant to Article 23 and the preceding article, consult with the committee members about the cancellation of any measure provided for in Article 25 by means of communication such as telephone, e-mail, etc. and hear their opinions, and if the Head of the Committee obtains the consent of a majority of committee members regarding the cancellation of any measure, the Special Measures Committee meeting shall be deemed to have adopted a resolution pursuant to the provisions of Article 8 as applied mutatis mutandis pursuant to the preceding article.

In this case, the Head of Committee shall notify the committee members and the Association members of the contents of the decided measures and other necessary matters as soon as possible.

Article 27-2 Committee Operating Procedures, etc.

In addition to what is provided for in these Rules, procedures and other matters necessary for the operation of the Special Measures Committee shall be provided for in the Rules for Operation of the Special Measures Committee.

Chapter 5: Officer Nomination Committee

Article 28 Matters under Jurisdiction

1. The Officer Nomination Committee shall recommend to the Chairperson candidates for Officers of the Association (meaning Directors and Auditors; the same shall apply hereinafter).
2. The Officer Nomination Committee shall recommend candidates for officers at the time of any change of officers following the expiration of the term of office of officers in accordance with the guidelines for the appointment of officers set forth in advance by the Board of Directors.

In this case, in recommended candidates for officers to be selected from the Full Members shall be either of the following persons:

- (1) A Full Member Representative as provided in Article 6, Paragraph 1, Item 1 of the Rules for Enforcement of the Articles of Incorporation who has submitted a notification to the Association.
- (2) A person who was formerly a Representative Director, etc. among Full Members and is a Director or who has a position similar thereto (in case the Full Member is a foreign corporation, a person who was a representative in Japan provided by such person and who has a position similar thereto)
3. The Officer Nomination Committee shall, in the election of candidates for officers approved by the Board of Directors, recommend candidates for successor officers in accordance with the provisions of the proviso of Paragraph 1 of Article 2 of the Rules for Electing Officer Candidates.

In this case, when recommending candidates for officers to be selected from Full Members, based on the provisions of Article 6, Paragraph 1, Item 1 of the Rules for Enforcement of the Articles of Incorporation, the Full Member Representative who has been notified to the Association or a person who was in the position of Representative Director, etc. at such company and the position of Director, etc. or a person who has a position similar thereto shall be recommended.

Provided, however, that this shall not apply to cases where the Board of Directors has decided not to appoint any additional officer to the position left open.

4. The Officer Nomination Committee shall nominate candidates for the Chairperson and the Vice-chairperson of the Association from among candidates for the Board of Directors to be nominated in accordance with the Guidelines for Nomination of Directors established in advance by the Board of Directors.

Article 29 Composition of Committee

1. The number of members of the Officer Nomination Committee shall not exceed 10 and shall consist of Committee Members with Full Membership as well as Outside Committee Members.
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. However, the term of office of committee members elected as replacements shall be the remaining term of office of their predecessors.
3. Committee Members with Full Membership shall be appointed from among the Full Members who constitute the Board of Directors with Full Membership of the Association.
4. Outside Committee Members shall be appointed from among experts such as attorneys at law, etc. or external Full Members constituting the Board of Directors of the Association.

Article 30        The Head and Vice-head of Committee

1. The Officer Nomination Committee shall have 1 Head and 1 Vice-head.
2. The Head of Committee shall be elected from among the Outside Committee Members, and the Vice-head of Committee shall be elected from among the Committee Members with Full Membership by the Chairperson with the consent of the Board of Director.

Article 31        Convocation of Committee, etc.

1. The Officer Nomination Committee shall be convened by the Head of Committee, who shall preside over the meeting.
2. The Vice-head of Committee shall assist the Head, and shall act on his/her behalf when the Head is unable to fulfil his/her duties.

Article 32        Quorum, Resolution and Preparation of Minutes, etc.

1. The provisions of Article 8, Article 9 and Article 12 shall apply mutatis mutandis to the quorum, voting, and holding of the Officer Nomination Committee in writing and preparation of the minutes of the Officer Nomination Committee. In this case, the term “Self-regulation Committee” in Article 8 and Article 12 shall be deemed to be replaced with “Officer Nomination Committee.”
2. The minutes to be prepared under the provisions of Article 12 as applied mutatis mutandis pursuant to the preceding paragraph shall be kept private.

Article 33        Attendance of Persons Other Than Committee Members

1. The Chairperson, the Vice-chairperson or the Managing Director may attend and comment on the Committee as the occasion demands.
2. When the Head of the Committee deems it necessary, he/she may request persons other than those set forth in the preceding paragraph to attend the meeting with the consent of the Committee and hear the opinions of such persons.

Chapter 6:        Disciplinary Committee

Article 34        Matters under Jurisdiction

The Disciplinary Committee may respond to the consultation from the Chairperson or may state its opinions to them with respect to any of the following:

- (1) Matters concerning disposition of the Association members under Article 17 of the Articles of Incorporation and recommendation to Full Members under Article 18 of the same
- (2) Matters concerning disposition of Sales Representatives (meaning Sales Representatives as defined in Article 2 of the Rules for Registration, etc. of Sales Representatives) under the same Rules
- (3) Other matters deemed necessary by the Chairperson
- (4) Matters requested in writing by one third or more of the committee members



Article 35      Composition of Committee

1. The number of members of the Disciplinary Committee shall not exceed nine and shall consist of Committee Members with the Association Membership and Outside Committee Members.
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. However, the term of office of committee members elected as replacements shall be the remaining term of office of their predecessors.
3. The Committee Member with the Association Membership shall be appointed from among the Full Members (meaning the Directors selected from Full Members) who constitute the Board of Directors of the Association.
4. Outside Committee Members shall be appointed from among experts such as attorneys at law, etc. (excluding persons concerned with the ordinary business of a company engaged in the investment management business).

Article 36      The Head and Vice-head of Committee

1. The Disciplinary Committee shall have one Head and one Vice-head.
2. The Head and Vice-head of Committee shall be appointed by the Chairperson from among the committee members with the consent of the Board of Directors.

Article 37      Convocation of Committee, etc.

1. The Disciplinary Committee shall be convened by the Head of Committee in any of the following cases:
  - (1) When consulted by the Chairperson
  - (2) When requested by one third or more of the committee members in writing that specifies the purpose of the meeting
2. The Head of Committee shall chair the Committee and preside over the meeting.
3. The Vice-head of Committee shall assist the Head, and shall act on the behalf of the Head when he/she are unable to fulfill his/her duties.

Article 38      Quorum, Resolution and Preparation of Minutes, etc.

1. The provisions of Article 8, Article 9 and Article 12 shall apply mutatis mutandis to the quorum, voting, and holding of the Disciplinary Committee in writing and preparation of the minutes of the Disciplinary Committee. In this case, the term "Self-regulation Committee" in Article 8 and Article 12 shall be deemed to be replaced with "Disciplinary Committee."
2. The minutes to be prepared under the provisions of Article 12 as applied mutatis mutandis pursuant to the preceding paragraph shall be kept private.

Chapter 7: Appeal Examination Committee

Article 39 Matters under Jurisdiction

The Appeal Examination Committee shall examine and deliberate any appeal against the disposition of members conducted by the Association as provided in Article 17 of the Articles of Incorporation and any other disposition of Sales Representatives as provided in the Rules of the Association.

Article 40 Committee Members

1. The number of members of the Appeal Examination Committee shall not be more than 3 and shall consist of the Outside Committee Members.
2. The term of office of a committee member shall be two years and shall not preclude any reappointment. However, the term of office of committee members elected as replacements shall be the remaining term of office of their predecessors.
3. Committee members shall be appointed from among experts such as attorneys at law.

Article 41 The Head and Vice-head of Committee

1. The Appeal Examination Committee shall have one Head and one Vice-head.
2. The Head and Vice-head of Committee shall be appointed by the Chairperson from among the committee members with the consent of the Board of Directors.

Article 42 Convocation of Committee, etc.

1. The Appeal Examination Committee shall be convened by the Head of Committee, who shall chair the meeting.
2. The Vice-head of Committee shall assist the Head, and shall act on his/her behalf when the Head is unable to fulfil his/her duties.

Article 43 Quorum, Resolution and Preparation of Minutes, etc.

1. The provisions of Article 8, Article 9 and Article 12 shall apply mutatis mutandis to the quorum, voting, and holding of the Appeal Examination Committee in writing and preparation of the minutes of the Appeal Examination Committee. In this case, the term "Self-regulation Committee" in Article 8 and Article 12 shall be deemed to be replaced with "Appeal Examination Committee."
2. The minutes to be prepared under the provisions of Article 12 as applied mutatis mutandis pursuant to the preceding paragraph shall be kept private.

Article 44 Attendance of Persons Other Than Committee Members

The Appeal Examination Committee may request the attendance of persons other than the committee members and hear their opinions if it deems necessary.

Article 45 Committee Operating Procedures, etc.

In addition to what is provided for in these Rules, procedures for proceedings and other matters necessary for

the operation of the Appeal Examination Committee shall be provided for in the Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Chapter 8: Miscellaneous Provisions

Article 46 Resignation of Members, etc.

1. Any member of the committee who intends to resign as a member of the committee shall notify the Association of such resignation using Appended Form No. 1.
2. If a committee member who intends to resign is a member with the Association Membership, the representative of such member shall notify the Association of the member who intends to resign and the person recommended as his/her successor using Appended Form No. 2, notwithstanding the provisions of the preceding paragraph.

However, in the case of any unavoidable reason, the successor of such committee member may not be nominated.

Supplementary Provision

These Rules shall come into effect on May 1, 1969.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on December 1, 1976.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on December 21, 1979.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on March 20, 1981.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on March 18, 1983.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on November 21, 1986.

Supplementary Provision

The amended provisions of Article 4 shall come into effect on November 20, 1987.

Supplementary Provision

The amended provisions of Article 4 and Article 5, Paragraph 4 shall come into effect on November 18, 1988.

Supplementary Provision

The amended provisions of Article 2, Article 3 and Article 4 shall come into effect on July 1, 1991.

Supplementary Provision

This amended provision shall come into effect on December 1, 1998.

Supplementary Provision

This amended provision shall come into effect on January 19, 2001.

Supplementary Provision

This revised provision shall come into effect on April 19, 2002.

Supplementary Provision

This amendment shall come into effect on March 1, 2006.

However, the provisions in Article 6, Paragraph 1, Item 1 after amendment shall apply to committee members commissioned after July 1, 2006.

Supplementary Provision

This amendment shall come into effect on February 16, 2007.

Supplementary Provisions

1. This amendment shall come into effect on October 1, 2008.
2. Notwithstanding the provisions of Paragraph 2 of Article 5, Paragraph 2 of Article 14, Paragraph 3 of Article 21 and Paragraph 2 of Article 29, the term of office of the first committee member elected after the effective date of the amended provisions shall be until June 30, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on June 30, 2011.

Supplementary Provisions

This amendment shall be implemented from the date of registration of the establishment of the general corporation as provided in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms

pursuant to Article 121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

\* Revised the supplementary provisions in accordance with the amendment of June 14, 2012.

#### Supplementary Provisions

This amendment shall be implemented from the date of registration of the establishment of the general corporation (January 4, 2013) as provided in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms pursuant to Article 121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provisions

This amendment shall come into effect on June 30, 2017.

However, the amended provisions of Article 28, Paragraph 2 and Paragraph 4 shall come into effect on April 1, 2017.

#### Supplementary Provision

This amendment shall come into effect on July 1, 2017.

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

#### Supplementary Provisions

This amendment shall come into effect on November 21, 2019.

\* The amended provisions are as follows:

- Article 28, Paragraphs 2 and 4; Article 29, Paragraphs 1 and 4; and Article 33, Paragraph 1

#### Supplementary Provisions

This amendment shall come into effect on June 30, 2020.

\* The amended provisions are as follows:

- Newly established Article 8, Paragraph 3.

#### Supplementary Provisions

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

- Appended Form No. 1 and No. 2 as specified in Article 39, Paragraph 1 and Paragraph 2

### Supplementary Provisions

This amendment shall come into effect on July 15, 2021.

\* The amended provisions are as follows:

- Article 2, Paragraph 1; Article 4, Paragraph 2; Article 5, Paragraph 1; Article 14, Paragraph 1; Article 23, Paragraph 2; Article 24, Paragraph 2; Article 25, Paragraph 1; Article 27, Paragraphs 1 through 3; Article 34
- Article 24, Paragraph 1, Item 2 is deleted.
- New establishment of Article 23, Paragraph 2, Article 27-2 and Chapter 7 (Articles 39 through 45) and the resulting chapter and article slippage

(Appended Form No. 1)

Application Date YYYY/MM/DD

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Name)

### Notification of Resignation of Committee Member

I would like to resign my position as a member of the XX Committee as of YYYY/MM/DD for reasons of convenience.

(Appended Form No. 2)

Application Date YYYY/MM/DD

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

### Change of Committee Member, etc.

The following member of the committee will be changed as of YYYY/MM/DD and his/her successors will be nominated.

#### Notice

1. Name of Committee    XX Committee

2. Contents of Change of Committee Members

(Title)	(Name, Reading)
Current Committee Member	
Proposed Successor	
(E-mail Address:	)



# Rules on Operation of the Special Measures Committee

Established on July 15, 2021

## Article 1 Purpose

These Rules provide for procedures and other matters necessary for the meeting to proceed in accordance with the provisions of Article 3 and Article 27-2 of the Rules on Establishment of the Committees (hereinafter referred to as the “Rules on Establishment of the Committees”) of the Investment Trusts Association, Japan (hereinafter referred to as the “Association”).

## Article 2 Convocation

A convocation of the Special Measures Committee prescribed in Article 23 of the Rules for Establishment of the Committees shall be convened by the Head of Committee in accordance with the following:

- (1) An emergency as defined in Article 20 of the Rules for Establishment of the Committees (hereinafter referred to as an “Emergency Event”) occurs when the Tokyo Stock Exchange, Inc. or the Osaka Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange, etc.”) suffers a system failure, earthquake, typhoon, fire, or other disaster or riots, or acts of destruction such as terrorism (hereinafter referred to as a “System Failure, etc.”), and purchase and sale transactions on the Tokyo Stock Exchange, etc. (hereinafter referred to as “On-Exchange Transactions”) are suspended, and the Head of Committee acknowledges it necessary to take necessary measures.
- (2) When an Emergency Event other than a System Failure, etc. at the Tokyo Stock Exchange, etc. as provided in the preceding item occurs and the Head of Committee deems it necessary to decide necessary measures

## Article 3 Resolution, etc. for Implementation of Measures

1. The Special Measures Committee shall convene in accordance with the provisions of Item 1 of the preceding article shall decide to suspend acceptance of establishment and cancellation of contracts as set forth in Item 1 of Paragraph 1 of Article 24 of the Rules for Establishment of the Committees (hereinafter referred to as the “Suspension of Acceptance”) in the cases set forth in the following items:
  - (1) In the event a System Failure, etc. has occurred before the morning session for On-Exchange Transactions (morning session) is commenced, and the resumption of On-Exchange Transactions during the day is not certain because the Tokyo Stock Exchange, etc. has not announced its intention to resume On-Exchange Transactions by the end of the morning session (morning close)
  - (2) In cases other than those in the preceding item, when resumption of On-Exchange Transactions cannot be confirmed, and in the absence of any announcement by the Tokyo Stock Exchange, etc. regarding resumption of On-Exchange Transactions during the day in question as of the time the Special Measures Committee is convened

2. The Special Measures Committee that is convened pursuant to the provisions of Item 2 of the preceding article may decide to implement any of the measures set forth in the following items in accordance with the nature of the Emergency Event occurred and the circumstances after the occurrence thereof.
  - (1) Suspension of Acceptance
  - (2) Other measures deemed appropriate by the Special Measures Committee

#### Article 4 Notice of Convocation and Notification to Members, etc.

The communication stipulated in Article 23, Paragraph 2 of the Rules for Establishment of the Committees shall be handled in accordance with the following items:

- (1) When the secretariat of the Association recognizes the occurrence of a System Failure, etc. in the Tokyo Stock Exchange, etc., the secretariat shall promptly communicate the nature of the System Failure, etc. and possibility of convening the committee by means of the members preferred contact method (department or person in charge designated in advance to the Association as one who can promptly and reliably communicate with the committee member (hereinafter referred to as the “Special Measures Liaison”)).
- (2) When the Head of Committee decides to convene the Special Measures Committee due to the occurrence of an Emergency Event, the secretariat of the Association shall promptly inform the Special Measures Liaison of the necessary information for the convocation. In addition, the secretariat of the Association shall notify the administrative liaison and the emergency liaison of the members concerning the nature of the Emergency Event that has occurred and other necessary matters, and shall also notify the scheduled time for convening the Special Measures Committee on the website dedicated to the members of the Association.
- (3) The Special Measures Liaison set forth in Item 1 shall be identified using Appended Form No. 1, and notification of any such change in the content thereof shall be promptly made using Appended Form No. 2.
- (4) The administrative liaison set forth in Item 2 refers to the office liaison person a Member identifies to the Association under Article 4 of the Rules for Enforcement of the Articles of Incorporation, and the emergency liaison refers to the person the Full Member designates to the Association in advance on Appended Form No. 3. The Committee must be promptly notified of any change to such emergency liaison by means of Appended Form No. 4, “Electronic Notification and Storage System for Notifications by members of the Association.”

#### Article 5 Notice of Resolution

With respect to the notification of resolutions made by the Special Measures Committee prescribed in Article 24, Paragraph 2 of the Rules for Establishment of the Committees and Article 25, Paragraph 2 of the same Rules, the contents set forth in the following items shall be notified by the secretariat of the Association to the administrative liaison and the emergency liaison as well as posted on the website dedicated to the members of the Association.

- (1) In case of a resolution to implement the measures under the provisions of Article 3, the contents of the

Emergency Event and the contents of the measures so resolved

- (2) In case of a resolution to lift the measures under the provisions of Article 25 of the Rules on Establishment of the Committees, the contents of such resolution

#### Article 6 Communication in Case of Unavoidable Circumstances

With regard to the communications provided for in each paragraph of Article 27 of the Rules on Establishment of the Committees, the secretariat of the Association shall respond as soon as possible in accordance with the provisions of Articles 4 and 5, taking into consideration the status of recovery of communication means, etc.

#### Supplementary Provision

These Rules shall come into effect on July 15, 2021.

Appended Form No. 1

Application Date YYYY/MM/DD

To: Investment Trusts Association, Japan

(Trade Name or Name)

### Notification of Special Measures Liaison

We hereby inform that our company's Special Measures Liaison is the following person/department in accordance with Article 4 of the Rules on Operation of the Special Measures Committee of your Association.

#### Notice

(Name/Department)

(Affiliation and Title)

(Telephone Number)

(E-mail Address)

\* Special Measures Liaison is a liaison office for promptly and surely communicating between the Association and the Special Measures Committee in the event of an Emergency Event.

To: Investment Trusts Association, Japan

(Trade Name or Name)

### Notification of Change to Special Measures Liaison

As there has been a change to the following matters regarding our company's Special Measures Liaison, we hereby inform such change in accordance with Article 4 of the Rules on Operation of the Special Measures Committee of your Association.

#### Notice

##### 1. Changes

(After changes)

(Before changes)

(Name/Department)

(Affiliation and Title)

(Telephone Number)

(E-mail Address)

##### 2. Date of Change

\* Special Measures Liaison is a liaison office for promptly and surely communicating between the Association and the Special Measures Committee in the event of an Emergency Event.

To: Investment Trusts Association, Japan

(Trade Name or Name)

### Notification of Emergency Liaison

We hereby inform that our company’s emergency liaison is the following person in accordance with Article 4 of the Rules on Operation of the Special Measures Committee of your Association.

#### Notice

	Person in Charge	Title	Office Phone Number	Office E-mail Address	Emergency Contact (Home, Mobile Phone, etc.)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

\* The contact information that has been notified will be linked to the Financial Services Agency (FSA) as the “Emergency Contact” that has been previously requested by the Financial Services Agency.

\* If the person in charge of the “Emergency Liaison” based on Article 4 of the Rules and the “Emergency Contact” requested by the FSA (approximately 2 people, such as a compliance officer) are different, please inform both of them.

Appended Form No. 4

Application Date	YYYY/MM/DD
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To: Investment Trusts Association, Japan

Trade Name or Name	
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### Notification of Change of Emergency Liaison

As there has been a change to our emergency liaison, we hereby inform such change in accordance with Article 4 of the Rules on Operation of the Special Measures Committee of your Association.

Notice

(Before changes)

	Person in Charge	Title	Office Phone Number	Office E-mail Address	Emergency Contact (Home, Mobile Phone, etc.)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

(After changes)

	Person in Charge	Title	Office Phone Number	Office E-mail Address	Emergency Contact (Home, Mobile Phone, etc.)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Date of Change	YYYY/MM/DD
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- \* The contact information that has been notified will be linked to the Financial Services Agency (FSA) as the “Emergency Contact” that has been previously requested by the Financial Services Agency.
- \* If the person in charge of the “Emergency Liaison” based on Article 4 of the Rules and the “Emergency Contact” requested by the FSA (approximately 2 people, such as a compliance officer) are different, please inform both of them.



# Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Established on January 20, 2006  
Revised on May 18, 2007  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on June 16, 2011  
Revised on June 14, 2012  
Revised on July 15, 2021

## Chapter 1: Purpose

### Article 1 Purpose

These Rules set forth necessary matters concerning disposition against a member as provided in Article 17 of the Articles of Incorporation (meaning collection of a fine, the suspension or restriction of a membership against a Full Member, and the expulsion of a Supporting Member; hereinafter referred to as a “Member Disposition”), recommendations for Full Members as stipulated in Article 18 of the Articles of Incorporation (hereinafter referred to as “Recommendation”), disposition and other measures against a Sales Representative (meaning a sales representative stipulated in Article 2 of the same Rules; the same shall apply hereinafter) set forth in the Rules for Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules for Registration of Sales Representatives”). (hereinafter referred to as a “Sales Representatives Disposition.”)

## Chapter 2: Investigation on Member Disposition and Sales Representatives Disposition, etc.

### Article 2 Investigation

1. The Chairperson may order the secretariat to investigate any case in which a Full Member is considered to fall under any of the items in Article 17, Paragraph 1 of the Articles of Incorporation or any case in which a Full Member is considered to fall under any of the circumstances provided for in Article 18 of the Articles of Incorporation, or any case in which a Full Member is considered to fall under any of the grounds for disposition or refusal to register as a Sales Representative provided for in the Rules for Registration of Sales Representatives.
2. The Chairperson may order the secretariat to investigate any case in which a Supporting Member is considered to fall under any of the items in Article 17, Paragraph 2 of the Articles of Incorporation.
3. The Chairperson may request members to submit materials or to give written or oral explanations in order to conduct the investigations provided in the preceding two paragraphs.
4. When requested to submit materials or give explanations as provided in the preceding paragraph, a Member shall not refuse such request without a justifiable reason.

## Chapter 3: Procedures for Member Disposition, etc.

### Article 3 Consultation with the Disciplinary Committee

1. When the Chairperson finds it appropriate to make a Member Disposition or Recommendation to such

member as a result of the investigation provided in the preceding article or the member ~~investigation~~ (meaning the member investigation provided in Article 9 of the Operational Rules ), he/she may consult with the Disciplinary Committee regarding such response and request its opinion.

2. When requesting opinions to the Disciplinary Committee under the provisions of the preceding paragraph, the Chairperson shall report to the Disciplinary Committee the result of the investigation pursuant to Paragraph 1 or 2 of the preceding article.

#### Article 4 Deliberation, etc. by the Disciplinary Committee

1. The Disciplinary Committee shall discuss the response (including the content and reasons thereof as well as whether or not it is appropriate to make a Member Disposition or Recommendation) to any matter consulted by the Chairperson under the provisions of the preceding article or any other matter deemed necessary by the Disciplinary Committee.
2. In order to conduct the deliberations stipulated in the preceding paragraph, the Disciplinary Committee may order the secretariat to conduct an investigation and request the secretariat to report the results of the investigation as necessary.
3. The Disciplinary Committee may, when it finds such deliberation necessary, request the members pertaining to such case to attend the Disciplinary Committee or to submit a detailed report thereof.
4. If, as a result of deliberation under the provisions of Paragraph 1, the Disciplinary Committee finds it appropriate to make a Member Disposition, the Committee shall report to the Chairperson in writing the type, extent of, and reasons for such disposition, and when the Disciplinary Committee finds it appropriate to make a Recommendation, shall report the contents and reasons thereof to such member.

#### Article 5 Opportunity for Defense

If the Chairperson submits the matter of Member Disposition to a General Meeting or the Board, such Member shall be given an opportunity to defend the Member Disposition, and the procedures of such defense shall be implemented according to the provisions of the By-laws on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc. (hereinafter referred to as the "By-laws on Dispositions, etc.").

#### Article 6 Submission of matters to General Meeting, etc.

1. The Chairperson shall submit the matter to the General Meeting or the Board of Directors under the provisions of Article 17 of the Articles of Incorporation if the Chairperson finds it appropriate to undertake a Member Disposition as a result of deliberation reported by the Disciplinary Committee under Article 4, Paragraph 4.
2. The General Meeting or the Board of Directors shall in its resolution respect the results of the deliberations of the Disciplinary Committee.

#### Article 7 Degree of Disposition, etc.

1. The extent to which fines are levied or membership is suspended or restricted as provided in Article 17

Paragraph 1 of the Articles of Incorporation shall be as follows:

(1) Collection of a fine 100 million yen or less

Provided, however, that in the event that the matter to be disposed of falls under the act set forth in Article 17, Paragraph 1, Item 6 of the Articles of Incorporation, and the nature thereof is deemed malicious and to have significantly damaged trust in the asset management industry, the maximum amount of the fine may be set at 500 million yen.

(2) Suspension or restriction of membership no longer than 6 months

2. The collection of a fine and the suspension or restriction of membership may be combined.
3. A Full Member must perform their obligations as a Full Member even if membership is suspended or restricted.
4. The application for re-admission for a person who has been expelled shall not be accepted until one year has passed from the date of disposition.

Article 8 Recommendation

When the Chairperson finds it appropriate to request such Full Member to improve business operations, etc. as a result of the investigation provided in Article 2, Paragraph 1, or finds it appropriate to make a Recommendation as a result of deliberation reported by the Disciplinary Committee under Article 4, Paragraph 4, the Chairperson may make a Recommendation.

Article 9 Other Measures

The Chairperson may give oral or written warning (hereinafter referred to as “Warning”) to Full Members in accordance with the nature of the case, in addition to making a Member Disposition or Recommendation.

Article 10 Request for Business Improvement Plans, etc.

When the Chairperson has given any disposition, Recommendation or Warning to a Full Member, he/she may request such Full Member make a report on preparation of the business improvement plan and the state of implementation of measures based on the business improvement plan, as well as any other necessary matters.

Chapter 4: Notice and Public Announcement of Disposition to Members

Article 11 Notice of Disposition, etc.

1. When the Board of Directors decides on a Member Disposition, the Chairperson shall notify such member in writing of the kind and extent of disposition as well as the fact of and reason for the disposition.
2. When making any Recommendation, the Chairperson shall notify the member subject thereto of the content and reasons for the Recommendation in writing.

Article 12 Report to the Disciplinary Committee

If the Chairperson submit the matter of disposition against a member who has consulted with the Disciplinary Committee under Article 3 to the General Meeting or the Board of Director, the Chairperson shall report the

contents of the resolution to the members of the Disciplinary Committee.

#### Article 13          Announcement of Disposition

1. When the Chairperson has taken any action against a Member, he/she shall notify the other members to that effect in writing or by any other means.
2. When the Chairperson has given notice to any other Member under the provision of the preceding paragraph, he/she shall make such notice public.

#### Chapter 5:            Procedures for Sales Representatives Disposition, etc.

#### Article 14          Consultation with the Disciplinary Committee

1. When the Chairperson deems it appropriate to dispose of the Sales Representative as a result of the investigation or the member investigation provided in Article 2, Paragraph 1, the Chairperson may consult with the Disciplinary Committee regarding the response thereto and request its opinion.
2. When seeking the opinion of the Disciplinary Committee pursuant to the provisions of the preceding paragraph, the Chairperson shall report to the Disciplinary Committee the result of the investigation pursuant to Paragraph 1 of Article 2.

#### Article 15          Deliberation, etc. by the Disciplinary Committee

1. The Disciplinary Committee shall discuss the response (including the content and reasons thereof as well as the propriety of Sales Representatives Disposition) to any matter regarding which the Chairperson consulted under the provisions of the preceding article, or any other matter deemed necessary by the Disciplinary Committee.
2. In order to conduct the deliberations stipulated in the preceding paragraph, the Disciplinary Committee may order the secretariat to conduct an investigation and request the secretariat to report the results of the investigation as necessary.
3. The Disciplinary Committee may, when it finds such deliberation necessary, request Full Members or the persons subject to the Sales Representatives Disposition pertaining to such case to attend and be interviewed or to submit detailed statements.
4. If, as a result of deliberation under the provisions of Paragraph 1, the Disciplinary Committee finds it appropriate to Sales Representatives Disposition, the Committee shall report to the Chairperson in writing the kind, extent, and reasons for such disposition, and shall notify the Full Members concerned and the persons subject to Sales Representatives Disposition.

#### Article 16          Opportunity for Defense, etc.

When the Chairperson intends to submit the matter of Sales Representatives Disposition to the Board of Directors, he/she shall give the Financial Instruments Intermediary Service Provider and the person subject to the Sales Representatives Disposition pertaining to such case an opportunity of explanation or hearing, and shall carry out the procedures for explanation in accordance with the By-laws on Dispositions, etc.

Article 17 Notice of Disposition, etc.

When the Board of Directors decides to dispose of Sales Representatives, the Chairperson shall notify the Full Members concerned and the persons subject to the disposition of Sales Representatives in writing of the type and extent of the disposition and the facts and reasons subject to the disposition.

Article 18 Report to the Disciplinary Committee

The Chairperson shall report to the members of the Disciplinary Committee the content of the resolution made at the Board of Directors after the matter was submitted regarding the Sales Representatives Disposition who consulted with the Disciplinary Committee in accordance with Article 14.

Article 19 Announcement of Disposition

When any Sales Representative is disposed, the Chairperson shall make public the contents of the disposition under Article 15 of the Rules for Registration of Sales Representatives.

Chapter 6: Appeal Procedure

Article 20 Appeal

A Member who has received a notice under Article 11, Paragraph 1 or a Full Member and a person subject to the Sales Representatives Disposition who has received a notice under Article 17 may file an appeal against the content of the disposition to the Appeal Examination Committee as stipulated in Article 39 of the Rules for Establishment of the Committees if he/she disagree with the content of the disposition. This appeal procedure shall be implemented in accordance with the By-laws on Dispositions, etc.

No appeal may be filed with the Appeal Examination Committee against the refusal of registration under Article 12 of the Rules for Registration of Sales Representatives and the Sales Representatives Disposition under Article 14 of the same Rules.

Supplementary Provisions

1. These Rules shall come into effect on March 1, 2006.
2. Interim Measures
  - (1) The provisions of Paragraph 1 of Article 3 shall apply from July 1, 2006, and the number of members of the Disciplinary Committee shall not exceed 11 during the period until the date of such application.
  - (2) The provisions in Paragraph 3 of Article 3 shall apply from July 1, 2007, and the term of office of the commissioned Disciplinary Committee member until such date of application shall be one year (the term of office of the committee member elected to fill a vacancy shall be the remaining term of office of the predecessor).
  - (3) Any person who is currently delegated to a member of the Fairness Committee shall be deemed to have been delegated to a member of the Disciplinary Committee, and the Rules thereof shall apply to such person on the effective date. The term of office of the committee members in this case shall be until

June 30, 2006.

#### Supplementary Provisions

This amendment shall come into effect on June 1, 2007.

However, the provisions of Article 12 before amendment shall apply to any matter reported to the Association before the enforcement date of such amendment provision.

#### Supplementary Provision

This amendment shall be implemented from the date of approval of the Articles of Incorporation by the competent authority (September 30, 2007).

#### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

#### Supplementary Provisions (supplementary provisions revised on June 14, 2012)

This amendment shall be implemented from the date of registration of the establishment of the general corporation as provided in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms pursuant to Article 121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provisions

This amendment shall be implemented from the date of registration of the establishment of the general corporation (January 4, 2013) as provided in Article 106, Paragraph 1 as applied mutatis mutandis by replacing certain terms pursuant to Article 121, Paragraph 1 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations.

#### Supplementary Provisions

This amendment shall come into effect on July 15, 2021.

\* The amended provisions are as follows:

- Change to the name of the Rules
- Articles 1 through 9 have been amended.
- Paragraphs 2 through 5 of Article 5 have been deleted.
- New establishment of Chapter 5 (Articles 14 through 19) and Chapter 6 (Article 20)

# By-laws on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Established on July 15, 2021

## Chapter 1: General Provisions

### Article 1 Purpose

These By-laws shall stipulate the necessary matters in connection with the implementation of procedures for the filing of an explanation and appeal, etc. regarding the Member Disposition and the Sales Representatives Disposition as set forth in Article 1 of the “Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.” (hereinafter referred to as the “Rules for Disposition, etc.”).

### Article 2 Definition

In these By-laws, the definitions of the terms set forth in the following items shall be as prescribed respectively in those items.

(1) Member Disposition

The Member Disposition prescribed in Article 1 of the Rules for Disposition, etc.

(2) Sales Representatives Disposition

Sales Representatives Disposition as prescribed in Article 1 of the Rules for Disposition, etc.

(3) Procedures for Explanation

Procedures for explanation under the provisions of Article 5 and Article 16 of the Rules for Disposition, etc.

(4) Hearing

A hearing under the provisions of Article 14, Paragraph 2 of the Rules for Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules for Registration of Sales Representatives”).

(5) Appeal

An appeal under Article 20 of the Rules for Disposition, etc.

(6) Appeal Examination Committee

The Appeal Examination Committee stipulated in Article 39 of the Rules for Establishment of the Committees.

## Chapter 2: Procedures for Explanation of Member Disposition

### Article 3 Opportunity for Defense

1. The Chairperson shall give the member concerned an opportunity to explain when he/she intends to submit a proposal to the General Meeting or the Board of Directors regarding the Member Disposition.

2. The presiding officer of the opportunity for explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

#### Article 4 Written Notice of Explanation

1. The Chairperson shall notify the members of the following matters in writing (hereinafter in this article through Article 6 referred to as “Written Notice of Explanation”) in implementing the procedures for explanation.
  - (1) Contents and basis of intended disposition
  - (2) The facts giving rise to the disposition
  - (3) Time and place for the explanation
  - (4) The Written Explanation set forth in Paragraph 1 of the following article is to be submitted to the Association within 14 days from the date of receipt of the Written Notice of Explanation
  - (5) Other matters deemed necessary by the Association
2. If the Association is unable to confirm that the Written Notice of Explanation has reached the Member in Paragraph 1 even after 30 days have elapsed from the date of sending the Written Notice of Explanation, the Written Notice of Explanation shall be deemed to have reached the Member on the date on which 30 days have elapsed.
3. If the Written Notice of Explanation sent by the Association does not reach the Member in Paragraph 1, such Member may request the Association to deliver a copy of such Written Notice of Explanation until the expiration of 30 days from the date of dispatch of such Written Notice of Explanation by the Association.
4. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Member in the preceding paragraph a copy of the Written Notice of Explanation as per the preceding paragraph. In this case, at the time of such delivery, such Written Notice of Explanation shall be deemed to have reached the said Member.

#### Article 5 Submission of the Written Explanation and Declaration of Opinion

1. A Member who has received a Written Notice of Explanation in Paragraph 1 of the preceding Article shall submit to the Association a written explanation (hereinafter referred to as the “Written Explanation” in this article and the following article) stating the following matters within 14 days from the day on which such Written Notice of Explanation reaches such Member.
  - (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
  - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If the Written Notice of Explanation dispatched by the Association does not reach the Member set forth in Paragraph 1 of the preceding article, said Member may submit the Written Explanation set forth in the preceding paragraph without receiving such Written Notice of Explanation.
3. At the time of making an explanation, the Member in question may submit a Written Explanation as set forth in Paragraph 1 as well as verbally stating facts or opinions and submitting evidential documents or articles at the time of explanation.



Article 6 Termination of Procedures for Explanation in Case of Failure to Submit the Written Explanation  
The Chairperson may conclude the procedure for explanation if the Member who has received the Written Notice of Explanation set forth in Article 4, Paragraph 1 fails to submit the Written Explanation within the time limit set forth in Article 5, Paragraph 1 without any justifiable reason or special circumstances.

#### Chapter 3: Notice of Disposition to Members

##### Article 7 Notice of Disposition)

1. When making a Member Disposition under Article 17 of the Articles of Incorporation, the Association shall notify the Member of the following matters in writing (hereinafter referred to as the “Disposition Notice” in this article and the following article)
  - (1) Details and grounds for disposition
  - (2) Date of disposition
  - (3) The facts giving rise to the disposition
  - (4) Other matters deemed necessary by the Association
2. The Disposition Notice in the preceding paragraph shall contain the following matters.
  - (1) A Member may appeal the details of the Disposition Notice to the Appeal Examination Committee within 10 days from the day when the Disposition Notice arrives.
  - (2) When any Member files an appeal as described in the preceding item, he/she must do so by submitting a written appeal as described in Paragraph 1 of the following article.
3. If, even after the expiration of 30 days from the date of dispatch of the Disposition Notice by the Association, it cannot be confirmed that such Disposition Notice has reached the Member in Paragraph 1, such Disposition Notice shall be deemed to have reached said Member on the expiration of the aforementioned 30 days.
4. If the Disposition Notice sent by the Association does not reach the Member in Paragraph 1, such Member may request the Association to deliver a copy of such Disposition Notice until the expiration of 30 days from the date of dispatch of such Disposition Notice by the Association.
5. In response to the request in the preceding paragraph, the Association shall immediately deliver a copy of the Disposition Notice in the preceding paragraph to the Member in the preceding paragraph. In this case, it shall be deemed that the Disposition Notice has reached such Member at the time of such delivery.

#### Chapter 4: Procedure for Appeal against Member Disposition

##### Article 8 Appeal

1. Any appeal shall be filed by the Member who has received the Disposition Notice set forth in Article 7, Paragraph 1 (hereinafter referred to as the “Appealing Member”) must submit to the Appeal Examination Committee a document stating the following matters (hereinafter referred to as “Written Appeal” in this article and Article 15).
  - (1) Trade name and address of the Appealing Member

- (2) Details of the disposition and date entered in the Disposition Notice
  - (3) Date of receipt of the Disposition Notice
  - (4) The purpose and reason for the appeal against the disposition
  - (5) Date of appeal
2. In the event that the Disposition Notice sent by the Association does not reach the Member stipulated in Article 7, Paragraph 1, such Member may submit a Written Appeal set forth in the preceding paragraph without receiving such Disposition Notice.
  3. Except in the case prescribed in the preceding paragraph, a copy of the Disposition Notice must be attached to the Written Appeal.
  4. The Written Appeal may be accompanied by documentary evidence, etc. pertaining to the reasons set forth in Paragraph 1, Item 4.
  5. Any appeal shall not preclude the effectiveness of any disposition pertaining to such appeal by the Association.

#### Article 9 Appeal Examination

1. The Appeal Examination Committee shall examine whether there is any reason for appeal in the preceding article (hereinafter in this article through Article 11 referred to as “Appeal Examination”) and shall report the result thereof to the Chairperson and also notify the Appealing Member.
2. The Appealing Member may not appeal against the results of the Appeal Examination.

#### Article 10 Notice of Results of Appeal Examination

1. In the event that the Appeal is deemed to have reasonable grounds in the Appeal Examination in Paragraph 1 of the preceding article, a notice shall be given in writing stating the following matters.
  - (1) Trade name and address of the Appealing Member
  - (2) The fact that the appeal was found to be reasonable and the reasons therefor and the date of the decision
  - (3) To have a Re-examination of the disposition case pertaining to the Appeal Examination (hereinafter referred to as “Appeal Case” in this article to Article 13, Articles 20 through 23)
2. In the event that no grounds are found in an Appeal Examination, notification shall be made in writing, stating the following matters.
  - (1) Trade name and address of the Appealing Member
  - (2) The fact that the appeal was found to be groundless and the reasons therefor and the date of the decision
3. The notice in the preceding two paragraphs shall state that no appeal may be filed against the results of the Appeal Examination.

#### Article 11 Consultation with the Disciplinary Committee

If, as a result of the Appeal Examination under Article 9, Paragraph 1, the Appeal Examination Committee finds the appeal to be reasonable, the Chairperson shall once again consult with the Disciplinary Committee regarding the Appeal Case and seek its opinion.

Article 12 Re-examination by the Disciplinary Committee, etc.

1. The Disciplinary Committee shall review the contents of the Appeal Case once again (including the details, reasons, etc., as well as the propriety of disposition of the appeal) requested by the Chairperson in relation to the Appeal Case (hereinafter referred to as “Re-examination” in this article through Article 14, Article 19 and Article 20).
2. The provisions of Article 4, Paragraph 2 and Paragraph 3 of the Rules for Disposition, etc. shall apply mutatis mutandis when the Disciplinary Committee conducts Re-examination in accordance with the provisions of the preceding paragraph. In this case, the term “Deliberation” in Article 4, Paragraph 2 and Paragraph 3 shall be deemed to be replaced with “Re-examination” and the term “members pertaining to such case” in Article 4, Paragraph 3 shall be deemed to be replaced with “Appealing Member.”
3. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is appropriate, it shall report to the Chairperson in writing to that effect and the reasons therefor and also notify the Appealing Member to that effect.
4. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is inappropriate and it is appropriate to change the disposition, the Disciplinary Committee shall report in writing to the Chairperson the type and extent of the disposition to be changed and the reasons therefor to the Appealing Member.
5. If, as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee determines that the disposition of the Appeal Case is inappropriate and it is appropriate to revoke the disposition, the Disciplinary Committee shall inform the Chairperson in writing of the fact that the disposition should be revoked and the reasons therefor, and shall also notify the Appealing Member to that effect.
6. The Appealing Member may not appeal the result of the Re-examination by the Disciplinary Committee.

Article 13 Opportunity for Re-explanation

1. The Chairperson shall give the Appealing Member the opportunity of re-explanation if, based on the result of the Re-examination by the Disciplinary Committee, he proposes to the General Meeting or the Board of Directors that the disposition of the Appeal Case be changed or revoked.
2. The presiding officer of the opportunity for re-explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

Article 14 Procedure for Re-explanation

1. When executing the procedure for re-explanation stipulated in the preceding article, the Chairperson shall notify the Appealing Member of a Written Notice of Re-explanation stating the following matters.
  - (1) To the effect that the procedures for re-explanation as prescribed in the preceding article shall be taken during Re-examination
  - (2) Date of disposition for Re-examination
  - (3) Date of decision under Article 10, Paragraph 1, Item 2
  - (4) Date and place of re-explanation
  - (5) Other matters deemed necessary by the Association

2. The Representative of the Appealing Member or the agent appointed by such representative (hereinafter collectively referred to as the “Re-defending Party” in this article through Article 17) must attend on the date for re-explanation.

#### Article 15 Method of Proceedings on Date for Re-explanation

1. Any person who is deemed by the Chairperson to have a special interest in the Appealing Member in the procedure for re-explanation may not preside over the procedures for re-explanation.
2. At the beginning of the first re-explanation, the presiding official shall explain the details, its grounds, the date and the basis for the disposition, and the facts constituting the cause of said disposition to the person(s) present on the date for re-explanation.
3. The Re-defending Party may attend the meeting on the date for re-explanation, submit the Written Re-explanation and documentary evidence, etc., state their opinion and ask questions to the staff of the Association with the permission of the presiding official.
4. The Re-defending Party may have an assistant attend on the date for re-explanation with the permission of the presiding official.
5. The presiding official may, when he/she finds it necessary on the date for re-explanation, ask questions to the Re-defending Party, request that he/she state his/her opinion or submit documentary evidence, etc., or request an explanation from the staff of the Association.
6. The presiding official may present the Written Appeal and documentary evidence, etc. to the Re-defending Party who is present on the date for re-explanation.
7. The proceedings on the date for re-explanation shall not be open to the public except when the Association deems it appropriate to do so.
8. If, as a result of the proceedings on the date for re-explanation, the presiding official deems it necessary to continue the date for re-explanation, he/she may designate a further date for continuation.
9. In the case of the preceding paragraph, the date of continuation and place shall be notified in writing to the Appealing Member in advance. However, in cases where the Re-defending Party is present on the date for re-explanation, it shall be sufficient to give notice thereof to said person involved in the re-explanation on the date for re-explanation.

#### Article 16 Termination of Procedures for Re-Defense in the Absence of the Re-defending Party

If any member of the Re-defending Party fails to attend the meeting on the date for re-explanation without any justifiable reason, the presiding official may conclude the procedures for re-explanation without giving the Re-defending Party an opportunity to express an opinion again and submit the Written Re-explanation and written evidence, etc.

#### Article 17 Record and Report of Re-explanation

1. When a date for re-explanation is held, the presiding official must prepare a record describing the progress of the procedure for re-explanation on each date and must have the person designated as the signatory among the presiding officials sign and seal the record and keep it on file.

2. The presiding official shall, promptly after the termination of the procedure for re-explanation, prepare a report stating his/her opinion as to whether or not the Re-defending Party has any reason for their assertion of the facts giving rise to the disposition, and shall report the same to the Chairperson together with the record in Paragraph 1.
3. The Appealing Member may request inspection of the record in Paragraph 1.

#### Article 18 Resumption of Proceedings for Re-explanation

If the Chairperson deems it necessary to do so in consideration of circumstances arising after the termination of the procedures for re-explanation, he/she may order the presiding official to resume the procedures for re-explanation by returning the report submitted pursuant to the provisions of Paragraph 2 of the preceding article. The provisions of the main clause of Article 15, Paragraph 9 shall apply mutatis mutandis in this case.

#### Article 19 Notice of Results of Re-examination

1. When giving notice of the results of Re-examination as stipulated in Article 12, Paragraph 1, such notice shall be given in writing stating the following matters.
  - (1) Trade name and address of the Appealing Member
  - (2) Results and reasons for Re-examination and date of decision thereof
2. In the notice in the preceding paragraph, it shall be stated that no appeal may be filed against the result of Re-examination.

#### Article 20 Submission of matters to General Meeting, etc.

If the Chairperson deems it appropriate to change or revoke the disposition of the Appeal Case through Re-examination by the Disciplinary Committee and the procedure for re-explanation by the Appealing Members as stipulated in the preceding paragraph, he shall submit the matter to the General Meeting or the Board of Directors.

#### Article 21 Notice of Disposition, etc.

If the General Meeting or the Board of Directors decides to change the disposition of the Appeal Case, the Chairperson shall notify the Appealing Members in writing of the kind and extent of the changed disposition and the facts and reasons subject to the disposition, and if the General Meeting or the Board of Directors decides to cancel the disposition of the Appeal Case, the Chairperson shall notify the Appealing Members in writing of the cancellation of the disposition and the reasons therefor.

#### Article 22 Report to the Disciplinary Committee, etc.

The Chairperson shall report the contents of the resolution to the Disciplinary Committee and the Appeal Examination Committee if the Chairperson submits the proposal to the General Meeting or the Board of Directors to change or revoke the disposition of the Appeal Case stipulated in the preceding paragraph.

#### Article 23 Announcement of Disposition

1. The Chairperson shall notify the other members in writing or otherwise if the disposition appealed is changed or revoked under the provisions of Article 21.
2. When the Chairperson has given notice to any other Member under the provision of the preceding paragraph, he/she shall make such notice public.
3. In the case of public announcement pursuant to the preceding paragraph, the publication of Article 13, Paragraph 2 of the Rules for Disposition, etc., concerning the Appeal Case shall be suspended.

#### Chapter 5: Procedures for Explanation, etc. of Sales Representatives Disposition

##### Article 24 Opportunity for Defense, etc.

1. When the Chairperson intends to submit a proposal for the Sales Representatives Disposition to the Board of Directors, he/she shall give the Financial Instruments Intermediary Service Provider (meaning the Financial Instruments Intermediary Service Providers prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) to which the person subject to such disposition of Sales Representatives belongs and the person subject to such disposition of Sales Representatives (hereinafter referred to as the “Person Subject to Disposition”) is granted an opportunity of explanation or hearing.
2. The presiding official for the opportunity of explanation, etc. shall be appointed by the Chairperson from among the officers and employees of the Association.

##### Article 25 Written Notice of Explanation

1. When the Chairperson conducts the procedures for explanation, he/she shall notify the Financial Instruments Intermediary Service Providers through the Full Member to which the Financial Instruments Intermediary Service Providers prescribed in Paragraph (1) of the preceding article belong or have belonged (hereinafter referred to as the “Target Member”) of stating the following matters (hereinafter referred to as the “Written Notice of Explanation” in this article, the following article and Article 30).
  - (1) Name and date of birth of the person subject to disposition
  - (2) Contents and basis for intended disposition
  - (3) The facts giving rise to the disposition
  - (4) Time and place for the explanation
  - (5) Other matters deemed necessary by the Association
2. The Written Notice of Explanation set forth in the preceding paragraph shall contain the following matters.
  - (1) The Financial Instruments Intermediary Service Providers must submit the Written Explanation set forth in Paragraph 1 of the following article to the Association through the Target Member within 14 days from the day on which the Written Notice of Explanation reaches such providers.
  - (2) The Target Member and the Person Subject to Disposition (meaning the Sales Representative of the Financial Instruments Intermediary Service Providers who is the subject of the Sales Representative Disposition; the same shall apply hereinafter) shall be entitled to request the Association to have access to an accident report (a report based on the provisions of Article 7 of the Rules on Service Work of Employees, etc. Engaged in Financial Instruments Intermediary Service Providers (hereinafter referred

to as the “Service Rules”)) and documents attached thereto pertaining to the case relating to the procedures for explanation before the conclusion of the procedures for explanation.

3. The Target Member who has received the Written Notice of Explanation set forth in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the person subject to disposition of the contents thereof.
4. If, even after the expiration of 30 days from the date of dispatch of the Written Notice of Explanation in Paragraph 1 by the Association, it cannot be confirmed that such Written Notice of Explanation has reached the Target Member in Paragraph 1, such Written Notice of Explanation shall be deemed to have reached such Target Member on the expiration of 30 days.
5. If the Written Notice of Explanation sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Written Notice of Explanation until the expiration of 30 days from the date of dispatch of such Written Notice of Explanation by the Association.
6. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Target Member in the preceding paragraph a copy of the Written Notice of Explanation in the preceding paragraph. In this case, at the time of such delivery, such Written Notice of Explanation shall be deemed to have reached said Target Member.
7. When the Association gives notice as provided in Paragraph 1, it shall also give notice to the Person Subject to Disposition in the same manner. However, this shall not apply to cases where the address or residence of the Person Subject to Disposition is unknown or where there is any other unavoidable reason.

#### Article 26 Submission of the Written Explanation and Declaration of Opinion

1. The Financial Instruments Intermediary Service Providers and the Person Subject to Disposition who have received the Written Notice of Explanation set forth in Paragraph 1 of the preceding article must submit to the Association through the Target Member a document stating the following matters (hereinafter in this article and Article 30 referred to as the “Written Explanation”) within 14 days from the day on which such Written Notice of Explanation reached such Target Member.
  - (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
  - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If a Written Notice of Explanation dispatched by the Association fails to reach the Target Member in Paragraph 1 of the preceding article, such Target Member may submit the Written Explanation in the preceding paragraph without receiving such Written Notice of Explanation.
3. At the time of making an explanation, such Target Member may submit a Written Explanation as set forth in Paragraph 1, as well as verbally stating facts or opinions and submitting evidential documents or articles at the time of explanation.

#### Article 27 Notice of Hearing

1. If the Chairperson conducts a hearing, he/she shall notify the Financial Instruments Intermediary Service

Providers through the Target Member of the following matters in writing (hereinafter referred to as the “Notice of Hearing”).

- (1) Name and date of birth of the person subject to disposition
  - (2) Contents and grounds for anticipated adverse disposition
  - (3) Facts causing adverse disposition
  - (4) Time and place of the hearing
  - (5) Name and address of the organization in charge of administrative affairs relating to the hearing
  - (6) Other matters deemed necessary by the Association
2. The Notice of Hearing in the preceding paragraph shall contain the following matters.
- (1) The Financial Instruments Intermediary Service Providers and the Person Subject to Disposition are entitled to appear on the date of the hearing to state their opinions and to produce any documentary evidence or articles, or to produce written statements and documentary evidence, etc. in lieu of appearing on the date of the hearing.
  - (2) The Target Member and the Person Subject to Disposition (meaning a Sales Representative of a Financial Instruments Intermediary Service Provider who is the subject of a Sales Representative Disposition; the same shall apply hereinafter) shall be entitled to request the Association to have access to an accident report (a report based on the provisions of Article 7 of the Service Rules) and attached documents, etc. relating to the case relating to the procedures for the hearing until the completion of the procedures for the hearing.
3. The Target Member who has received the Notice of Hearing in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.
4. If at any time after the expiration of 30 days from the date of dispatch by the Association of the Notice of Hearing in Paragraph 1, such Notice of Hearing is not confirmed to have reached the Target Member in Paragraph 1, such Notice of Hearing shall be deemed to have reached such Target Member on the expiration of 30 days.
5. If the Notice of Hearing sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Notice of Hearing until the expiration of 30 days from the date of dispatch of such Notice of Hearing by the Association.
6. In response to the request in the preceding paragraph, the Association shall promptly deliver to the Target Member in the preceding paragraph a copy of the Notice of Hearing in the preceding paragraph. In this case, at the time of such delivery, such Notice of Hearing shall be deemed to have reached such Target Member.
7. When the Association gives notice as provided in Paragraph 1, it shall also give notice to the Person Subject to Disposition in the same manner. However, this shall not apply to cases where the address or residence of the Person Subject to Disposition is unknown or where there is any other unavoidable reason.

#### Article 28 Submission of Written Statement, etc. and Statement of Opinion

1. The Financial Instruments Intermediary Service Provider and the Person Subject to Disposition who have received the Notice of Hearing in Paragraph 1 of the preceding article must appear on the date of the hearing



and state their opinions, and must submit documentary evidence or articles, or must submit a written statement and documentary evidence, etc. stating the following matters in lieu of appearing on the date of the hearing.

- (1) Approval or disapproval of the matters listed in Items 1 and 2 of Paragraph 1 of the preceding article
  - (2) Assertions regarding the matters listed in Paragraph 1, Items 1 and 2 of the preceding article
2. If the Notice of Hearing dispatched by the Association does not reach the Target Member in Paragraph 1 of the preceding article, such Target Member may submit the written statement in the preceding paragraph without receiving such Notice of Hearing.
  3. Such Target Member may, at the time of the hearing, make oral statements of fact or opinion and produce documentary or material evidence in addition to the written statement set forth in Paragraph 1.

#### Article 29 Access to Documents, etc.

1. The Target Member and the Person Subject to Disposition may request the Association to have access to the accident report and attached documents, etc. prescribed in Article 7 of the Service Rules until the procedures for explanation, etc. are completed. In this case, the Association may not refuse to allow such access except when such access is likely to harm the interests of a third party or when there is any other justifiable reason.
2. The Association may designate the time, date and place for access in the preceding paragraph.

Article 30 Termination of Procedures for Explanation in Case of Failure to Submit the Written Explanation  
If all of the Financial Instruments Intermediary Service Providers and Person(s) subject to the Disposition who have received the Written Notice of Explanation set forth in Article 25, Paragraph 1 fail to submit the Written Explanation within the time limit set forth in Article 26, Paragraph 1 without justifiable grounds or special circumstances, the procedures for explanation may be terminated.

#### Article 31 Termination of Hearing in Case of Non-Appearance, etc.

The hearing may be terminated in the event that all or part of the Financial Instruments Intermediary Service Providers and Person(s) subject to the Disposition who have received the Notice of Hearing under Article 27, Paragraph 1 fails to appear on the date for the hearing and fails to submit the written statement or documentary evidence, etc. under Article 27, Paragraph 1.

### Chapter 6: Notice of Disposition to Sales Representatives

#### Article 32 Disposition Notice

1. The Chairperson shall notify the Financial Instruments Intermediary Service Providers through the Target Member of the following matters in writing (hereinafter referred to as the “Disposition Notice” in this article and the following article) in the event of disposition of the Person Subject to Disposition under Article 7 of the Rules for Registration of Sales Representatives.
  - (1) Name and date of birth of the person subject to disposition
  - (2) Contents and basis for disposition

- (3) Date of disposition
  - (4) The facts giving rise to the disposition
  - (5) Other matters deemed necessary by the Association
2. The Disposition Notice in the preceding paragraph shall contain the following matters.
    - (1) The Target Member and the Person Subject to Disposition may appeal on the contents of the disposition to the Appeal Examination Committee within 10 days from the date of arrival of the Disposition Notice.
    - (2) The Target Member and the Person Subject to Disposition must file an appeal in the preceding item by submitting the Written Appeal in Paragraph 1 of the following article.
    - (3) To file an appeal with the Financial Services Agency against any disposition under Article 64-5 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 66-25 of said Act.
  3. The Target Member who has received the Disposition Notice in Paragraph 1 must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.
  4. If, even after the expiration of 30 days from the date of dispatch of the Disposition Notice in Paragraph 1 by the Association, it cannot be confirmed that such Disposition Notice has reached the Target Member in Paragraph 1, such Disposition Notice shall be deemed to have reached such Target Member on the expiration of such 30 days.
  5. If the Disposition Notice sent by the Association does not reach the Target Member in Paragraph 1, such Target Member may request the Association to deliver a copy of such Disposition Notice until the expiration of 30 days from the date of dispatch of such Disposition Notice by the Association.
  6. In response to the request in the preceding paragraph, the Association shall immediately deliver a copy of the Disposition Notice in the preceding paragraph to the Target Member in the preceding paragraph. In this case, it shall be deemed that the Disposition Notice has reached the Target Member at the time of delivery.

## Chapter 7: Procedure for Appeal against the Disposition of Sales Representatives

### Article 33 Appeal

1. Any appeal shall be made by the Target Member who has received the Disposition Notice in Paragraph 1 of the preceding article (hereinafter referred to as the "Target Member for Appeal") or the Person Subject to Disposition submitting to the Appeal Examination Committee a document stating the following matters (hereinafter referred to as the "Written Appeal" in this article and Article 41).
  - (1) Trade name and address of the Target Member for Appeal
  - (2) Name and date of birth of the person subject to disposition
  - (3) Details of the disposition and date entered in the Disposition Notice
  - (4) Date of receipt of the Disposition Notice
  - (5) The purpose and reason for the appeal against the disposition
  - (6) Date of appeal
2. In the event that the Disposition Notice sent by the Association does not reach the Target Member in

Paragraph 1 of the preceding article, such Target Member and the Person Subject to Disposition may submit the Written Appeal as per the preceding paragraph without receiving such Disposition Notice.

3. Except in the case prescribed in the preceding paragraph, a copy of the Disposition Notice must be attached to the Written Appeal.
4. The Written Appeal may be accompanied by documentary evidence, etc. pertaining to the reasons set forth in Paragraph 1, Item 5.
5. Any appeal shall not preclude the effectiveness of any disposition pertaining to such appeal by the Association.

#### Article 34 Appeal Examination

1. The Appeal Examination Committee shall examine whether there is any reason for appeal under the preceding article (hereinafter referred to as “Appeal Examination” in this article through Article 36) and shall notify the Financial Instruments Intermediary Service Providers of the result thereof through the Target Member for Appeal.
2. The Target Member for Appeal, who has received notice of the results of the Appeal Examination under the preceding paragraph, must immediately notify the Financial Instruments Intermediary Service Providers of the contents thereof and have the Financial Instruments Intermediary Service Providers notify the Person Subject to Disposition of the contents thereof.
3. The Target Member for Appeal and the Person Subject to Disposition may not appeal against the results of the Appeal Examination.

#### Article 35 Notice of Results of Appeal Examination

1. In the event that the Appeal is deemed to have reasonable grounds in the Appeal Examination in Paragraph 1 of the preceding article, a notice shall be given in writing stating the following matters.
  - (1) Trade name and address of the Target Member for Appeal
  - (2) Name and date of birth of the person subject to disposition
  - (3) The fact that the appeal was found to be reasonable and the reasons therefor and the date of the decision
  - (4) The fact that the disposition case relating to the Appeal Examination (hereinafter referred to as “Appeal Case” in this article through Article 38 and Articles 46 through 49) shall be re-examined
2. In the event that no grounds are found in an Appeal Examination, notification shall be made in writing, stating the following matters.
  - (1) Trade name and address of the Target Member for Appeal
  - (2) Name and date of birth of the person subject to disposition
  - (3) The fact that the appeal was found to be groundless and the reasons therefor and the date of the decision
3. The notice in the preceding two paragraphs shall state that no appeal may be filed against the results of the Appeal Examination.

#### Article 36 Consultation with the Disciplinary Committee

If the Appeal Examination Committee finds the appeal to be reasonable as a result of the Appeal Examination

under Article 34, Paragraph 1, the Chairperson shall once again consult with the Disciplinary Committee regarding the Appeal Case and seek its opinion.

#### Article 37 Re-examination by the Disciplinary Committee, etc.

1. The Disciplinary Committee shall deliberate the contents of the Appeal Case (including the details, reasons, etc. as well as the propriety of disposition of the Appeal Case) requested by the Chairperson (hereinafter referred to as “Re-examination” in this article through Article 39, Article 45 and Article 46).
2. The provisions of Article 4, Paragraph 2 and Paragraph 3 of the Rules for Disposition, etc. shall apply mutatis mutandis when the Disciplinary Committee conducts Re-examination in accordance with the provisions of the preceding paragraph. In this case, the term “deliberation” in Article 4, Paragraph 2 and Paragraph 3 shall be deemed to be replaced with “Re-examination” and the term “members pertaining to such case” in Article 4, Paragraph 3 shall be deemed to be replaced with “Target Member for Appeal.”
3. If it is determined that the disposition of the Appeal Case is appropriate as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall report to the Chairperson in writing to that effect and the reasons therefor, and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition through the Target Member for Appeal.
4. If it is determined that the disposition of the Appeal Case is inappropriate and it is appropriate to change the disposition as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall report in writing to the Chairperson the type and extent of as well as the reasons for the disposition to be changed and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition through the Target Member for Appeal.
5. If it is determined that the disposition of the Appeal Case is inappropriate and it is appropriate to rescind it as a result of Re-examination under the provisions of Paragraph 1, the Disciplinary Committee shall inform the Chairperson in writing of the fact that it should be rescinded and the reasons therefor, and shall also notify the Financial Instruments Intermediary Service Providers and the Person Subject to Disposition regarding the Appeal Case through the Target Member for Appeal.
6. The Target Member for Appeal and the Person Subject to Disposition may not appeal against the result of the Re-examination by the Disciplinary Committee.

#### Article 38 Opportunity for Re-explanation

1. If the Chairperson intends to submit a proposal to the Board of Directors, based on the result of the Re-examination by the Disciplinary Committee, a change or revocation of the disposition of the Appeal Case, the Chairperson shall give the said Target Member for Appeal and the Person Subject to Disposition the opportunity for re-explanation.
2. The presiding officer of the opportunity for re-explanation shall be appointed by the Chairperson from among the officers and employees of the Association.

#### Article 39 Procedure for Re-explanation

1. When carrying out the procedure for re-explanation provided in the preceding article, the Chairperson shall

give the Written Notice of Re-explanation stating the following matters to the Target Member for Appeal and the Person Subject to Disposition pertaining to such procedure for re-explanation.

- (1) To the effect that the procedures for re-explanation as prescribed in the preceding article shall be taken during Re-examination
  - (2) Date of disposition for Re-examination
  - (3) Date of decision under Article 35, Paragraph 1, Item 3
  - (4) Date and place of re-explanation
  - (5) Other matters deemed necessary by the Association
2. The Representative of the Target Member for Appeal or the agent appointed by such representative (hereinafter collectively referred to as the “Re-defending Party” in this article and Articles 41 through 43) must attend on the date for re-defense.

#### Article 40 Access to Documents, etc.

1. The Target Member for Appeal and the Person Subject to Disposition may request the Association to have access to the accident report and attached documents, etc. prescribed in Article 7 of the Service Rules until the completion of the procedures for re-explanation. In this case, the Association may not refuse to allow such access except when such access is likely to harm the interests of a third party or when there is any other justifiable reason.
2. The Association may designate the time, date and place for access in the preceding paragraph.

#### Article 41 Method of Proceedings on Date for Re-explanation

1. Any person who is deemed by the Chairperson to have a special interest with the Target Member for Appeal over the procedure for re-explanation may not preside over the procedure for re-explanation.
2. At the beginning of the first day for re-explanation, the presiding official shall explain to the persons present on the day for re-explanation the contents of the disposition, the provisions of the Rules on which the disposition is based, the date of disposition and the facts giving rise to such disposition.
3. The Re-defending Party may attend the meeting on the date for re-explanation, submit the Written Re-explanation and documentary evidence, etc., state their opinion and ask questions to the staff of the Association with the permission of the presiding official.
4. The Re-defending Party may have an assistant attend on the date for re-explanation with the permission of the presiding official.
5. The presiding official may, when he/she finds it necessary on the date for re-explanation, ask questions to the Re-defending Party, request that he/she state his/her opinion or submit documentary evidence, etc., or request an explanation from the staff of the Association.
6. The presiding official may present the Written Appeal and documentary evidence, etc. to the Re-defending Party who is present on the date for re-explanation.
7. The proceedings on the date for re-explanation shall not be open to the public except when the Association deems it appropriate to do so.
8. If, as a result of the proceedings on the date for re-explanation, the presiding official deems it necessary to

continue the date for re-explanation, he/she may designate a further date for continuation.

9. In cases referred to in the preceding paragraph, the Target Member for Appeal and the Person Subject to Disposition must be notified in advance in writing of the date of continuation and place. However, in cases where the Re-defending Party is present on the date for re-explanation, it shall be sufficient to give notice thereof to said person involved in the re-explanation on the date for re-explanation.

#### Article 42 Termination of Procedures for Re-Defense in the Absence of the Re-defending Party

If any member of the Re-defending Party fails to attend the meeting on the date for re-explanation without any justifiable reason, the presiding official may conclude the procedures for re-explanation without giving the Re-defending Party an opportunity to express an opinion again and submit the Written Re-explanation and written evidence, etc.

#### Article 43 Record and Report of Re-explanation

1. When a date for re-explanation is held, the presiding official must prepare a record describing the progress of the procedure for re-explanation on each date and must have the person designated as the signatory among the presiding officials sign and seal the record and keep it on file.
2. The presiding official shall, promptly after the termination of the procedure for re-explanation, prepare a report stating his/her opinion as to whether or not the Re-defending Party has any reason for their assertion of the facts giving rise to the disposition, and shall report the same to the Association together with the record in Paragraph 1.
3. The Target Member for Appeal and the Person Subject to Disposition may request inspection of the record in Paragraph 1.

#### Article 44 Resumption of Proceedings for Re-explanation

If the Chairperson deems it necessary to do so in consideration of circumstances arising after the termination of the procedures for re-explanation, he/she may order the presiding official to resume the procedures for re-explanation by returning the report submitted pursuant to the provisions of Paragraph 2 of the preceding article. The provisions of the main clause of Article 38, Paragraph 9 shall apply mutatis mutandis in this case.

#### Article 45 Notice of Results of Re-examination

1. When giving notice of the results of Re-examination as stipulated in Article 37, Paragraph 1, such notice shall be given in writing stating the following matters.
  - (1) Trade name and address of the Target Member for Appeal
  - (2) Name and date of birth of the person subject to disposition
  - (3) Results and reasons for Re-examination and date of decision thereof
2. In the notice in the preceding paragraph, it shall be stated that no appeal may be filed against the result of Re-examination.

#### Article 46 Submission of the proposal to the Board of Directors

If the Chairperson deems it appropriate to change or rescind the disposition of an Appeal Case through Re-examination by the Disciplinary Committee as well as the procedure for re-explanation from the Target Member for Appeal and the Person Subject to Disposition set forth in the preceding paragraph, the Chairperson shall submit a proposal to the Board of Directors.

Article 47. Notice of Disposition, etc.

The Chairperson shall notify in writing any decision by the Board of Directors to change the disposition of an Appeal Case the Target Member for Appeal and the Person Subject to Disposition of the kind and extent of the amended disposition and the facts and reasoning pertaining to the disposition. Also, should the General Meeting or the Board of Directors decide to cancel the disposition of the Appeal Case, the Chairperson shall notify in writing the Target Member for Appeal and the Person Subject to Disposition of the cancellation of the disposition and the reason therefor.

Article 48. Report to the Disciplinary Committee, etc.

The Chairperson shall report the contents of the resolution to the Disciplinary Committee and the Appeal Examination Committee if the Chairperson submit a proposal to the Board of Directors to change or revoke the disposition of the Appeal Case stipulated in the preceding paragraph.

Article 49. Announcement of Disposition

In the event of changes or revocation of the disposition of an Appeal Case under the provisions of Article 47, the Chairperson shall discontinue the announcement of Article 19 of the Rules for Disposition, etc. of the Appeal Case.

#### Supplementary Provision

These By-laws shall come into effect on July 15, 2021.

# Rules for Electing Officer Candidates

Established on September 19, 2008

Revised on December 20, 2012

Revised on April 18, 2019

Revised on May 20, 2021

## Chapter 1: General Provisions

### Article 1 Purpose

These Rules set forth the necessary matters for selecting candidates in member elections for Board of Directors and Auditor positions (hereinafter referred to as “Officers”) for the Investment Trusts Association (hereinafter referred to as the “Association”).

## Chapter 2: Member Elections

### Article 2 Conducting Member Elections

1. The Association shall hold member elections for candidates for officer positions (hereinafter referred to as “Officer Candidates” ) from Officer Candidates in the Association within Full Members (meaning Full Members defined in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter. ) However, when Officer Candidates are selected for reasons other than the expiration of their terms of office and the Board of Directors approves, Officer Candidates may be selected by a method other than member elections.
2. The fixed number of Officer Candidates available for member elections in the preceding paragraph shall be decided by the Board of Directors.

### Article 3 Voting Rights for Member Elections

Full Members shall have the right to vote in member elections, with one vote for each Full Member. However, any Full Member whose membership is suspended or restricted shall not be entitled to vote during the period of suspension or restriction.

### Article 4 Member Election Method

Member elections shall be conducted via secret ballots with plural entry for Officer Candidates who have filed their candidacy under the provisions of Article 7. The same shall apply to Officer Candidates who have filed their candidacy under Article 9, Paragraph 1.

### Article 5 Determination and Notification of Member Election Dates, etc.

1. When a member election is to be held, the Association shall use a resolution of the Board of Directors to decide the date and time at which the member election voting is to be held, the place at which the member election is to be held, and other necessary matters concerning the member election.
2. The Association shall notify Full Members of the date, time, and location of the vote, the fixed number of



Officer Candidates in the election, and other necessary matters for the member election as decided by the Board of Directors pursuant to the preceding paragraph at least 15 days prior to the date of the member election (hereinafter referred to as the “Member Election Date”).

#### Article 6 Election Observers

1. When conducting a member election by vote, the Chairperson shall elect two or more election observers from among the Full Member Representative possessing voting rights for each such member election, with the consent of the Board of Directors. However, under special circumstances, officers and employees of the Association may be appointed as election observers.
2. Election observers shall oversee matters involving voting and ballot counting.
3. Election observers are not eligible to be Officer Candidates described in Article 7.

#### Article 7 Notification of Candidacy

1. A person wishing to be an Officer Candidate (excluding those deemed to have submitted a candidacy submission form under the provisions of Paragraph 2) shall file a candidacy submission form in the appended form to the Association between the notification date based on the provisions of Article 5, Paragraph 2 and no later than 10 days before the Member Election Date (or the next business day if such day falls on a holiday. Hereinafter referred to as the “Candidate Deadline”).
2. Officer Candidates recommended to the Chairperson by the Officer Nomination Committee shall be deemed to have submitted a candidacy submission form to the Association for said member election.
3. Those eligible to be Officer Candidates shall be a Full Member Representative.

#### Article 8 Notifications of Candidate Names, etc.

The Association shall notify Full Members of the names of Officer Candidates who have submitted candidacies under the preceding article (including those deemed to have submitted a candidacy submission form described in Paragraph 2 in the preceding article; the same shall apply hereinafter in this article) and other important matters relating to the member election without delay after the Candidate Deadline.

Additionally, if the number of Officer Candidates who have submitted their candidacy does not exceed the number of officers set by the Board of Directors for said member election (hereinafter referred to as the “Fixed Number of Officers”), the Full Members shall also be notified that the candidates will be elected without voting as set forth in Article 12.

#### Article 9 Submission and Notification of Supplementary Candidates

1. If the number of Officer Candidates who have submitted their candidacies by the Candidate Deadline is less than the Fixed Number of Officers for said member election or decreases below the Fixed Number after the Candidate Deadline, any person wishing to be an Officer may become an Officer Candidate for said member election by submitting a candidacy submission form to the Association between the day the Association notifies members as set forth in the preceding article and five days before the Member Election Date (if such day falls under a holiday, it shall be the next business day; hereinafter referred to as the “Supplementary

Candidate Deadline” ).

2. In the case of submission of candidacy under the preceding paragraph, the Association shall notify Full Members of the names of Officer Candidates who have submitted their candidacy after the Supplementary Candidate Deadline without delay.

#### Article 10 Limitations on Candidacies

A representative of a Full Member whose member rights have been suspended or restricted may not be or become an Officer Candidate during the period of the suspension or restriction.

#### Article 11 Withdrawal of Candidacy

1. Any person who has filed a candidacy submission form for an Officer Candidate under the provisions of Article 7, Paragraph 1 and subsequently decides to withdraw his/her candidacy must notify the Association to that effect by the Supplementary Candidate Deadline.
2. When the Association has been notified of a withdrawal of candidacy as set forth in the preceding paragraph, the Association shall notify Full Members of the names of the candidates who have withdrawn their candidacy without delay after the Supplementary Candidate Deadline.

#### Article 12 Election without Vote

1. Notwithstanding the provisions of Article 2, voting shall not occur if the number of Officer Candidates who have submitted candidacies under Article 7, Paragraphs 1 and 2 is less than the Fixed Number of Officers in said member election at the expiry of the Candidate Deadline.
2. In the case of the preceding paragraph, the Chairperson shall declare these candidates elected.
3. The provisions of the preceding two paragraphs shall apply mutatis mutandis to supplementary candidates described in Article 9. In this case, the phrase “the number of Officer Candidates who have submitted candidacies under Article 7, Paragraphs 1 and 2” in Paragraph 1 shall be deemed to be replaced with “the number of Officer Candidates who have submitted candidacies under Article 9, Paragraph 1”; the phrase “Fixed Number of Officers” shall be deemed to be replaced with “Fixed Number of Officers (the number determined by deducting those already elected by the Chairperson.)”; and the phrase “Candidate Deadline” shall be deemed to be replaced with “Supplementary Candidate Deadline.”
4. When determining the elected candidates, the Chairperson shall notify the Board of Directors to that effect.

#### Article 13 Voting

1. Voting shall be made by representatives of Full Members with voting rights (hereinafter referred to as “Member Representatives”) at the designated voting location (hereinafter referred to as the “Designated Voting Location”) on the Member Election Date.
2. Notwithstanding the provisions of the preceding paragraph, Member Representatives may vote in any of the following ways:
  - (1) Having an officer and employees of said Full Member designated by the Member Representative (hereinafter the “Agent”) cast a vote at the Designated Voting Location on the Member Election Date

- (2) Voting by mail, etc. between the day following the Candidate Deadline and the day before the Member Election Date
3. When voting via the method described in Item 1 of the preceding paragraph, the Agent must submit documentation showing that he/she has been delegated by the Member Representative to either the election observers or a person specified by the election observers.

#### Article 14 Count

1. Ballots shall be counted without delay after voting has ended.
2. The election observers shall notify the Association of the election results without delay.

#### Article 15 Voting by Symbol

Voting shall be carried out in such a manner that the symbol ○ is entered in the designated column of the voting form listing the names of the Officer Candidates and the number of ○ symbols shall be the same as the fixed number of Officers set in advance by the Board of Directors.

#### Article 16 Invalidity of All or Part of a Vote

1. All votes cast shall be void if any of the following apply:
  - (1) The prescribed ballot is not used
  - (2) The number of ○ symbols exceeds the fixed number of Officers available for election as set in advance by the Board of Directors
2. Only the part of the vote of the Member Representative in question shall be void if one of the following items applies to a part of a vote:
  - (1) A part containing marks, etc. that cannot be distinguished as a ○ symbol
  - (2) A part where it is difficult to identify a ○ symbol

#### Article 17 Decisions on Doubts

The election observers shall decide in the event of any doubt in voting.

#### Article 18 Determination of Winners

1. When Member Representatives vote in accordance with the provisions in Article 13, the Chairperson shall determine the final order of candidates by those who received the most votes and select candidates sequentially until the Fixed Number of Officers has been satisfied.
2. A lottery shall be used to determine the order of candidates who received an equal number of votes based on the provisions of the preceding paragraph.
3. When the candidates have been selected based on the provisions of Paragraph 1, the Chairperson shall report the results to the Board of Directors without delay.

#### Article 19 Election Records

1. When voting is held, an election record containing the voting procedures and results shall be prepared and

signed by the election observers.

2. The Association shall attach the ballots for the member election, the candidacy submission forms, and any withdrawal of candidacy forms to the election record and keep them until the end of the term for officer candidates elected in that member election.

#### Article 20 Re-election

1. If the number of elected candidates is less than the Fixed Number of Officers, re-elections shall be conducted for the remaining number of Officer positions without delay.
2. The provisions of Article 5 through the preceding article shall apply mutatis mutandis to re-elections.

#### Article 21 Others

Any matters relating to member elections not provided for by these Rules shall be determined by the Board of Directors.

#### Supplementary Provision

These Rules shall come into effect on October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

#### Supplementary Provisions

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

- Appended form mentioned in Article 7

(Appended Form)

Application Date YYYY/MM/DD

The Investment Trusts Association, Japan

To: Chairperson

(Name of Candidate)                      Seal  
(Trade Name or Name)  
(Title)

### Notification of Candidacy for an Officer of the Investment Trusts Association

I hereby submit my candidacy for the following Association Officer position with regards to the member election for the next Officer term from the member notification dated YYYY/MM/DD.

#### Notice

Association Officer position for which I am running                      Director                      Auditor  
(Please circle one)

# Rules on Member Investigations

Established on July 18, 2008  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on December 20, 2012  
Revised on March 13, 2019  
Revised on May 20, 2021

## Article 1 Purpose

These Rules set forth the necessary matters for conducting member investigations in accordance with Article 10 of the Operational Rules.

## Article 2 Investigator

Member investigations shall be conducted by an investigator appointed by the Chairperson from among employees in the Association or another individual engaged in Association business.

## Article 3 Member Investigation Policies and Plans

1. The Association shall prepare member investigation policies and plans for that year's member investigation as described in the By-laws and make them known to the members (Full Members as stipulated in Article 7, Paragraph 1, Item 1 and Supporting Members as stipulated in Item 2 of the same paragraph).
2. Member investigations shall be conducted based on the member investigation policies and plans in the preceding paragraph.  
However, when deemed necessary, any matters not provided for in the member investigation policies and plans shall be handled as needed.

## Article 4 Member Investigation Types

The types of member investigations are as follows:

### (1) General investigation

An investigation of the overall business operations of a Full Member (meaning a Full Member as defined in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter ) that comprehensively accounts for an array of information, the results of previous investigations, the investigation period, and other matters.

### (2) Special investigation

An investigation of all or part of the business operations of a Full Member in accordance with the methods set forth in the By-laws, as deemed necessary and appropriate

## Article 5 Advance Notice

When a member investigation is conducted, the Full Member shall be provided with an advance explanation of the significant matters, the time and date of the investigation, the method thereof, the names of the investigators, and other matters as described in the By-laws.

However, such notice may be withheld when deemed necessary by the Chairperson.

#### Article 6 Change or Suspension

After notice in the preceding article is provided or the commencement of the member investigation, the member investigation may be changed or suspended if conducting it has been deemed difficult due to unavoidable circumstances such as a natural disaster.

#### Article 7 Authority of Investigators

Investigators may, through the methods set forth in the By-laws, request a Full Member to present and allow inspections of books, documents and articles of value relating to matters pertaining to the investigation, submit materials, or explain the facts thereof.

#### Article 8 Duties of Investigators

Investigators shall observe the matters listed in the following items:

- (1) Conduct investigations efficiently and effectively, bearing in mind that the purpose of the investigation is to achieve the goals of the Association, which contributes to the sound development of investment management businesses, etc. and the protection of investors
- (2) When conducting an investigation, always endeavor to maintain dignity and credibility and not divulge any secrets obtained in the course of their member investigation duties
- (3) When conducting an investigation, always maintain a well-balanced and calm attitude and endeavor to certify facts and express opinions fairly and efficiently
- (4) Investigators shall properly understand laws, rules, etc. relating to investment trusts, endeavor to understand market trends, and acquire new financial products, trading methods, etc.

#### Article 9 Presentation of Investigator's Certificate

At the start of an on-the-spot investigation, investigators shall present the Full Member with an Investigator's Certificate in the form set forth in the By-laws.

#### Article 10 Reporting Results of On-site investigation, etc.

When an investigator has completed an on-the-spot investigation, written investigation, hearing, or any other investigation, the investigator must promptly report the results thereof to the Chairperson in the manner set forth in the By-laws.

#### Article 11 Notice of End to an Investigation

Upon completion of a member investigation, the Association will notify the Full Member of the results thereof in the manner set forth in the By-laws.

#### Article 12 Reports on Handling by Full Member

When a Full Member is requested by the Association to submit a report on handling based on the results of a

member investigation, the Full Member must submit the report on the handling by the date designated by the Association in the form specified in the By-laws using the “Electronic Notification and Storage System for Notifications from Association Members.

#### Article 13 By-laws

Any matters necessary for enforcement of these Rules shall be stipulated in the By-laws.

#### Article 14 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-regulation Committee shall promptly report to the Board of Directors any decision(s) made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

#### Supplementary Provision

These Rules shall come into effect on July 18, 2008.

#### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on March 19, 2009.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provisions

This amendment shall come into effect on April 1, 2019.

\* The amended provisions are as follows:

Article 2

#### Supplementary Provisions

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

Article 12



# By-laws on Rules on Member Investigations

Established on July 18, 2008  
Revised on September 19, 2008  
Revised on December 20, 2012  
Revised on April 18, 2019  
Revised on May 20, 2021  
Revised on November 18, 2021

## Article 1 Purpose

These By-laws provide for matters necessary for the enforcement of the Rules on Member Investigations (hereinafter referred to as the “Rules”).

## Article 2 Member Investigation Policies and Plans

The member investigation policies and plans to be set forth in the By-laws as prescribed in Article 3, Paragraph 1 of the Rules shall include the following details.

- (1) Basic concept
- (2) Implementation policy
- (3) Priority items and investigation items
- (4) Investigation plan
- (5) Other necessary matters

## Article 3 Types of Special Investigation

The special investigations to be provided for in the By-laws as prescribed in Article 4, Item 2 of the Rules shall be as follows.

### (1) Partial investigation

Partial investigations to be conducted as necessary and appropriate to determine the status of compliance with laws, regulations, rules, etc. and the status of compliance with the fair and equitable principles of transactions (including the status of business operations such as asset management).

### (2) Follow-up investigation

Investigations on the status of implementation of improvements regarding matters pointed out and dispositions in investigations by the Association and inspections by administrative organizations, etc.

### (3) Flexible/Continuous investigation

Investigation to be made on new Full Members for which it is deemed to be especially necessary

### (4) Joint investigation

Investigation conducted jointly with other self-regulatory organizations at the same time

## Article 4 Advance Notice

1. The matters for which advance notice is to be given as stipulated in Article 5 of the Rules shall be as follows:

- (1) Date and time of investigation

- (2) Type of investigation
  - (3) Method of investigation
  - (4) The target period of investigation
  - (5) Priority items
  - (6) Name of the investigator
  - (7) Other necessary matters
2. When going on-site to conduct an investigation (hereinafter referred to as an “On-site Investigation”), the investigator shall notify the representative of the Full Member of the commencement date of the On-site Investigation approximately 3 weeks in advance, as a general rule.

#### Article 5 Explanation of Significant Matters

The matters to be explained in the By-laws provided in Article 5 of the Rules shall be as follows:

- (1) Authority and purpose of member investigations
- (2) Request for cooperation for member investigations
- (3) Outline of the member investigation monitor
- (4) Outline of the opinion reporting system
- (5) Other necessary matters

#### Article 6 Points to Consider When Requesting Documents, etc.

The methods to be specified in the By-laws as prescribed in Article 7 of the Rules shall be as follows:

When making a request, the requester shall explain the method of submission, content to be included, etc. of the documents, etc. and shall request materials, etc. by indicating the time limit for submission. In this case, the utilization of existing documents, etc. shall be prioritized, with consideration to the clerical work load, etc. of the Full Member.

- (1) On-site investigation
  - i. Method by which the Full Member is requested to submit materials in advance after advance notice and before the start of an On-site Investigation
  - ii. Method by which the Full Member is requested to submit materials, etc. after starting an On-site Investigation
- (2) Investigation by writing, hearing or any other method
  - Method in which the Full Members are asked to submit materials after advance notice

#### Article 7 Presentation of Investigator’s Certificate

The form to be specified in the By-laws as prescribed in Article 9 of the Rules shall be shown in Appended Form No. 1.

#### Article 8 Consideration for Working Hours of the Investigation Target

When conducting an On-site Investigation, care shall be taken not to interfere with the business, etc. of the Full Member; in principle, an On-site investigation shall be conducted during the working hours of the investigation

target. When intending to conduct an inspection during non-working hours, consent must be obtained from the investigation target.

#### Article 9 Records of Fact and Background

When conducting a member investigation, a written document shall be used as necessary to clarify the mutual recognition of the facts, the background and the problems involved.

#### Article 10 Member Investigation Monitor

1. Member investigation monitoring will be conducted so as to ascertain the actual status of member investigations by hearing the opinions of investigation targets, etc., and ensure the appropriate implementation of investigations.
2. A member investigation monitor shall be conducted by way of hearing opinions and acceptance of opinions, and opinions shall be limited to the method and period of the member investigation and the investigation method of the investigator.

##### (1) Hearing opinions

As a general rule, the implementer shall be the General Affairs Manager, or any person designated by the General Affairs Manager. If deemed necessary for ensuring the appropriateness of the investigation, the implementer shall visit the investigation target during the investigation period and hear the opinions etc. of the responsible person.

##### (2) Acceptance of opinions

Opinions shall be received in writing to the Chairperson and shall be submitted to the General Affairs Manager by e-mail or mail between the date of commencement of the investigation and after one month from the date of completion of the investigation (the date of delivery of the notice of investigation results).

3. Opinions from the investigation target shall be dealt with so as to contribute to the proper operation of the member investigation.

#### Article 11 Critiques, etc.

At the time of completion of an on-the-spot investigation, a written investigation, a hearing or any other investigation with regard to the status of business operations, etc. of a Full Member which has been ascertained through a member investigation, the investigator shall confirm whether or not there is any difference in understanding of the facts which has arisen between the investigator and the investigation target.

#### Article 12 Opinion Reporting System

When any matter of difference of opinion is confirmed through critiques, etc. as stipulated in the preceding Article, such a matter shall be dealt with under the following opinion reporting system for the purpose of securing transparency and fairness in the procedure for member investigations.

- (1) Submit to the Secretary-General of the Association, directly or through the chief investigator, a written statement stating the facts and the opinion of the representative (the Applicant) of the investigation target with respect to any confirmed differences.

- (2) The period for opinion reporting shall be three days from the day the critique was received (excluding holidays of the Association starting from the day following the date of the critique), and may be extended for an additional period of up to two days.
- (3) The General Affairs Department shall conduct a trial on the matters for which opinions are reported, and the results of the trial shall be reflected in the written notice of the results of the investigation.

#### Article 13 Report

The manner to be specified in the By-laws as prescribed in Article 10 of the Rules shall be as follows:

- (1) When an investigator has completed any on-the-spot investigation, a written investigation, a hearing or any other method of investigation, the investigator shall promptly prepare a member investigation result report summarizing matters, problems, etc. ascertained through the investigation.

#### Article 14 Notification of Investigation Results

The methods to be specified in the By-laws as prescribed in Article 11 of the Rules shall be as follows:

- (1) The results of the member investigation shall be promptly notified in writing to the representative of the investigation target, in the name of the Chairperson.
- (2) When there are any matters to be pointed out regarding the results of investigations by means of documents, hearings or any other methods, the above mentioned notification shall be given.

#### Article 15 Reports on Handling by Full Member

The form to be specified in the By-laws as prescribed in Article 12 of the Rules shall be shown in Appended Form No. 2.

#### Article 16 Others

The results of the member investigation shall be compiled on a semi-annual basis and thoroughly communicated to all members.

#### Supplementary Provision

These By-laws shall come into effect from July 18, 2008.

#### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

Supplementary Provisions

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

- As specified in Article 15 in Appended Form No. 2

Supplementary Provision

This amendment shall come into effect on November 18, 2021





[Precautions for Descriptions]

1. When there are multiple notification items, only the items listed below “Notice” shall be included in one table for each item.
2. In the “Notification items” space, enter the item number and item (matter).
3. In the “Contents of acts” space, enter the main text of the Notification items.
4. In the “Handling status” space, enter the status of correction and recurrence prevention measures.
5. Related materials shall be attached with regard to the status of correction, recurrence prevention measures, etc. in the Handling status.



## Rules on Management of Investment Trusts, etc.

Established on March 19, 2004  
Revised on May 25, 2004  
Revised on July 16, 2004  
Revised on November 19, 2004  
Revised on March 18, 2005  
Revised on May 24, 2006  
Revised on June 19, 2006  
Revised on December 15, 2006  
Revised on January 19, 2007  
Revised on April 20, 2007  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on June 20, 2008  
Revised on July 18, 2008  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on October 14, 2010  
Revised on February 17, 2011  
Revised on December 20, 2012  
Revised on July 17, 2014  
Revised on November 20, 2014  
Revised on December 18, 2014  
Revised on July 16, 2015  
Revised on June 13, 2018  
Revised on June 10, 2020  
Revised on January 21, 2021

### Part 1 General Provisions

#### Article 1 Purpose

These Rules provide for matters necessary for the proper management of the trust property of the investment trusts and assets of investment corporations, and other matters regarding the protection of investors.

#### Article 2 Definition

1. The term “Investment Trust” as used in these Rules means a trust for the principal purpose of investing the trust property in specified assets (hereinafter referred to as “Specified Assets”) as provided for in Article 3 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000 (hereinafter referred to as the “Cabinet Order”)).
2. The term “Investment Corporation” as used in these Rules means a corporation for the principal purpose of investing assets in Specified Assets.
3. The term “Fund of Funds” as used these Rules means Investment Trusts (excluding those whose main investment target is solely the beneficiary certificates of the mother investment trust (Investment Trusts whose purpose is to have their beneficiary rights acquired by the trustees of other Investment Trusts, other than those Investment Trusts whose investment trust contracts (hereinafter referred to as “Contracts”) stipulate that they are to be acquired only by Funds of Funds; the same shall apply hereinafter) that the investment trust company itself directs the management) for the purpose of investing in beneficiary

certificates (meaning beneficiary certificates of Investment Trusts and foreign investment trusts as defined in Article 2, Paragraph 1, Item 10 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the “FIEA”); the same shall apply hereinafter) of Investment Trusts and foreign investment trusts and investment securities (investment securities and foreign investment securities (excluding foreign investment securities that are equivalent to investment corporation bonds. The same shall apply hereinafter) prescribed in Article 2, Paragraph 1, Item 11 of the FIEA. (hereinafter referred to as “Investment Trust Securities”) of Investment Corporations and foreign investment corporations.

#### Article 2-2 Basic Principles regarding Investment of Trust Property, etc.

1. Investment trust management companies (meaning a settlor company of investment trust as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as the “Investment Trust Act”) and an asset management company as defined in Paragraph 21 of the same article) and trust companies, etc. that act as trustee companies for Investment Trusts that are not directed by the trustee (hereinafter referred to as “Investment Trust Management Companies, etc.”; the same shall apply hereinafter in this article and the following article) must faithfully and with the care of a good manager direct or manage (hereinafter referred to as “Management, etc.”) the Investment Trust Property or Investment Corporation assets (hereinafter referred to as the “Trust Property, etc.”; the same shall apply hereinafter in this article and the following article) for the benefit of beneficiaries of the Investment Trusts or Investment Corporations.
2. In conducting Management, etc. of the Trust Property, etc., Investment Trust Management Companies, etc. shall comply with the FIEA, the Investment Trust Act, other laws and regulations, and the Rules and Regulations of the Association, and shall give consideration to the protection of investors.

#### Article 2-3 System for Management of Trust Property, etc.

The Management, etc. of Trust Property, etc. shall be conducted independently by Investment Trust Management Companies, etc., and any party other than said Investment Trust Management Companies, etc. (excluding parties who have been entrusted with all or part of the authority to conduct Management in accordance with the provisions of Article 42-3 of the FIEA and parties who have been entrusted with part of the authority to conduct Management, etc. in accordance with the provisions of Article 55 of the Investment Trust Act) shall not be involved in the Management, etc. of the Trust Property, etc.

#### Article 2-4 Development of Liquidity Risk Management Systems

In order to take the reasonable measures set forth in Article 130, Paragraph 1, Item 8-3 of the Cabinet Office Order on Financial Instruments Business, etc. (Order No. 52 of 2007, hereinafter referred to as the “Order on Financial Instruments Business”) or Article 271, Paragraph 1, Item 10 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations, Management Companies, etc. (meaning Investment Trust Management Companies as defined in Article 2, Paragraph 11 of the Investment Trust Act and trust companies, etc. that act as trustee companies for Investment Trusts that are not directed by the trustee, as defined in Article 47 of the same Act; the same shall apply hereinafter in this article) that have established a

Publicly Offered Investment Trust (excluding those set forth in Article 12, Items 1 and 2 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter in this article) shall establish internal rules, etc. (hereinafter in this article referred to as “Liquidity Risk Management Rules, etc.”) based on the matters listed in the following items and develop the necessary systems (hereinafter referred to in this article as “Liquidity Risk Management Systems”). The Liquidity Risk Management Systems established by Management Companies, etc. in accordance with the Liquidity Risk Management Rules, etc. shall take into account the size of the Investment Trust during the process from the Publicly Offered Investment Trust’s product design to redemption, the nature of the trading conditions, etc. for the assets held, the investment strategy, the attributes of the point of sale, such as securities companies and registered financial institutions, the characteristics of the anticipated investors, the conditions for establishment and early cancellation, the product characteristics, the market trends and market environment, the impact of these factors on liquidity risk, and the results of stress tests, etc. (hereinafter collectively referred to as “Various Circumstances, etc.” in this article)

(1) Liquidity Risk Management Process

(a) Evaluation of Liquidity Risk

- (i) The liquidity risk of the investment target assets of individual Publicly Offered Investment Trusts shall be assessed, taking into account Various Circumstances, etc. throughout the process from the Publicly Offered Investment Trust’s product design to redemption.
- (ii) If the assets of the Publicly Offered Investment Trust include other Investment Trust Securities, etc., the liquidity risk of the Investment Trust shall be assessed taking into account, as necessary, the requisite information regarding the liquidity risk management process for other such Investment Trust Securities, etc. and the liquidity risk of the underlying assets held indirectly.

(b) Monitoring

- (i) Establishment of hierarchical classifications and holding criteria based on liquidity risk for individual Publicly Offered Investment Trusts

Assets held by individual Publicly Offered Investment Trusts shall be classified into hierarchical classes according to their degree of liquidity, and a lower limit of the threshold for the most liquid class and an upper limit of the threshold for the least liquid class shall be determined. In principle, the following hierarchical categories (classifications that take into account the number of days sale is possible and conditions) shall be established. In the event that a Management Company, etc. decides to adopt a classification method different from that described below, it shall disclose the outline of the classification on its website.

- I. High-liquidity assets: ... Assets reasonably deemed to be sellable within three business days or less, taking into account market impact
- II. Medium-liquidity assets: ... Assets reasonably deemed to be sellable within four to seven business days, taking into account market impact
- III. Low-liquidity assets: ... Assets reasonably deemed to take eight business days or more to sell, taking into account market impact
- IV. Non-Liquid Assets: ... Assets reasonably deemed to take eight business days or more to sell,

and to have a significant market impact

(ii) Monitoring of liquidity risk for individual Investment Trusts

A Management Company, etc. shall periodically and at an appropriate frequency monitor the proportion of shareholdings in each hierarchical category for each Investment Trust in accordance with the characteristics of the Investment Trust, its terms and conditions for establishment and early cancellation, and shall maintain a trail of the monitoring methods and results, etc.

(iii) Reporting upon confirmation that the proportion of shareholdings exceeds the upper or lower limits, etc.

If it is confirmed through the monitoring conducted by a Management Company, etc. that any individual Investment Trust's proportion of shareholdings exceeds or falls below the upper or lower limits established based on (i) above, the Management Company shall, in accordance with the procedures set forth in the internal rules, report the situation to an appropriate body, such as the committee within the company that supervises the execution of investment instructions (the Board of Directors, the Investment Committee, etc. (hereinafter referred to as "Board of Directors, etc."; the same shall apply hereinafter in this article)). In addition, if necessary, a more detailed liquidity analysis shall be conducted, and appropriate measures shall be taken, such as providing information to beneficiaries and considering changes to the portfolio.

(c) Stress Testing

Internal rules specifying the implementation of stress tests shall be drawn up, taking into consideration of the size of the Publicly Offered Investment Trust, the nature of the assets held, the investment strategy, the attributes of the point of sale, such as securities companies and registered financial institutions, the characteristics of the anticipated investors, and terms and conditions for establishment and early cancellation. The company shall, on a regular basis and as necessary, implement stress tests of Publicly Offered Investment Trusts established by the company under these regulations, and depending on the situation, conduct further detailed liquidity analysis and take appropriate actions, such as considering changes to the portfolio.

(d) Contingency Plans

Contingency plans for liquidity related to Publicly Offered Investment Trusts shall be drawn up, their effectiveness shall be verified as appropriate, and if necessary, the addition of new measures to deal with liquidity risk, etc. shall be considered.

(e) Periodic Review of the Liquidity Risk Management Process

With regard to the assessing and managing the liquidity risk of Publicly Offered Investment Trusts, the liquidity risk manager should review the effectiveness of the internal rules, analytical tools, and contingency plans used at least once a year, and take the required measures as necessary.

(2) Supervision by the Board of Directors, etc.

The Board of Directors, etc. shall ensure appropriate implementation of liquidity risk management and appropriately supervise the company's own management system by taking measures specified in the By-laws to ensure that the Liquidity Risk Management Systems are appropriate and effective.

(3) Disclosure to Beneficiaries, etc.

In the event that a Management Company, etc. suspends the establishment of additional Investment Trusts or partially cancels Publicly Offered Investment Trusts that it has established due to an extreme decline in the liquidity of the assets held in the Investment Trust Property, etc., the Management Company shall promptly disclose that such an event has occurred and the future outlook, etc. on its website or by any other means.

(4) Retention of Records

Evidence of the effective functioning of the Liquidity Risk Management Systems for the past seven years shall be retained.

\* Article 1-2 of the By-laws

Part 2 Securities Investment Trusts

Chapter 1: Publicly Offered Securities Investment Trusts

Section 1. Principles of Securities Investment

Article 3 Principles of Securities Investment

Securities investment trusts shall invest an amount exceeding one-half of the total amount of the Trust Property of said Investment Trust as investments in securities (excluding rights set forth in the items of Article 2, Paragraph 2 of the FIEA, which are deemed to be securities pursuant to the items of the same paragraph); the same shall apply hereinafter in this article and Article 27 ) (including transactions of securities-related derivatives (meaning securities-related derivatives transactions as set forth in Article 28, Paragraph 8, Item 6 of the FIEA; the same shall apply hereinafter)). However, this shall not apply when there are unavoidable circumstances relating to investment, such as the initial establishment, cancellation and redemption of the securities investment trusts, and the investment environment.

Section 2. Management Instructions, etc.

Article 4 Instructions for Transactions, etc.

In giving investment trust management instructions regarding the Trust Property of securities investment trusts (hereinafter referred to as “Investment Trust Property”), an investment trust management company (meaning an investment trust management company as defined in Article 2, Paragraph 11 of the Investment Trust Act, hereinafter referred to as a “Management Company”) shall, after comprehensively taking into consideration market conditions and prices at the time of giving such management instructions, endeavor to give management instructions under the conditions that it judges to be most advantageous for the Investment Trust Property. For transactions that require quotations, such as transactions that are not conducted through an exchange, the process relating to such decisions shall be made clear.

Article 4-2 Considerations Regarding Instructions for Transactions, etc.

When a Management Company conducts a preliminary investigation of the conditions for issuing structured bonds, etc. before establishing the Investment Trust Property, the Management Company shall note that in

making the decision prescribed in the preceding article with respect to investment instructions for such structured bonds, etc., conditions such as the price and interest rate of such structured bonds, etc. shall be determined by the market conditions, etc. at the time the investment instructions are given, and shall be determined only at that time.

#### Article 5 Instructions for Transactions with Interested Parties

When giving instructions concerning transactions between the Investment Trust Property and interested parties or the acquisition or disposal of securities, etc. issued by interested parties, a Management Company shall pay due attention to its duty of loyalty to beneficiaries.

#### Article 6 Instructions Based on Investment Plans

A Management Company shall give instructions for investment of the Investment Trust Property by any of the following methods (hereinafter referred to as the "Investment Plan." The same shall apply hereinafter):

- (1) A method of giving instructions based on the Investment Plan
- (2) A method of giving instructions by establishing an after-the-fact check system as specified in the By-laws

When instructions are given in accordance with the Investment Plan set forth in Item 1 and such Investment Plan is changed, the reason for such changes shall be specified.

\* Article 1-3 of the By-laws

#### Article 7 Price Formation

In giving instructions for the investment of the Investment Trust Property, a Management Company shall not give instructions intended for price formation.

#### Article 8 Instructions for Transactions Conditional on Closing Quotations

A Management Company shall establish in advance internal rules including the following matters with respect to transactions conditional on closing quotations of domestic shares (meaning transactions conducted off-auction or off-market after the close of the trading hours of the relevant exchange based on the final price quoted by a type-I financial instruments business operator (meaning a party that engages in Type I financial instruments business as prescribed in Article 28, Paragraph 1 of the FIEA; the same shall apply hereinafter), and shall comply with such internal rules when giving instructions for such transactions.

- (1) The following standards, etc. for instructions for transactions conditional on closing quotations
  - (a) Standards for determining the appropriateness of conducting a transaction conditional on closing quotations and the appropriateness, etc. of the terms and conditions based on the final price of the relevant exchange offered by the type-I financial instruments business operator, and methods for confirming the fact that a type-I financial instruments business operator conducts hedging transactions and the basic approach, etc. of the type-I financial instruments business operator with respect to such hedging transactions
  - (b) Details of orders, etc. corresponding to trends in volume and share prices, etc. on the relevant exchange for issues for which orders are given for transactions conditional on closing quotations

- (c) Standards for the ordering time for transactions conditional on closing quotations
  - (d) Standards for selecting a type-I financial instruments business operator for ordering
- (2) When a type-I financial instruments business operator buys or sells shares in cash for the purpose of hedging transactions, the following conditions shall be attached to the relevant order and execution shall be requested in consideration of share price trends
- (a) To endeavor to minimize market impact
  - (b) Any other matters deemed necessary by the Management Company
- (3) A system shall be established to check the effectiveness of the matters listed in Items 1 and 2 in a timely manner, and necessary measures such as changes to internal rules shall be taken based on the results of the following checks.
- (a) Events requiring confirmation shall be cases in which a certain level of fluctuation is found by comparing the closing price of the issue with the price at the time of the order for a transaction conditional on a closing quotation, or other cases in which the Management Company deems it necessary
  - (b) Confirmation shall be made based on information from type-I financial instruments business operator, information vendors, etc., and, if necessary, an explanation shall be requested from the type-I financial instruments business operator that conducted the transaction with the closing quotation conditions regarding the consistency between the hedging transaction and the type-I financial instruments business operator's basic approach to hedging transactions and other matters deemed necessary by the Management Company
  - (c) The details of confirmation under the provisions of (b) shall be recorded in the order slip, etc.
- (4) In drawing up the standards for selecting a type-I financial instruments business operator for ordering as set forth in Sub-item (d) of Item (1), consideration shall be given not only to trading commissions but also to the details prescribed in Sub-items (a) and (b) of the preceding Item

#### Article 8-2 Management of Batch Orders, etc.

1. In the event that multiple buy/sell orders (meaning when an investment management division (meaning the division or party in charge of determining the instructions of trading conditions and volume for each Investment Trust Property; the same shall apply hereinafter in this article and the following article) instructs an ordering division (meaning the division or party in charge of placing orders (meaning orders from the ordering division to financial instruments business operators; the same shall apply hereinafter) with financial instruments business operators, etc. (meaning type-I financial instruments business operator and corporations established under foreign laws and regulations that are similar to type-I financial instruments business operators; the same shall apply hereinafter)) for the purchase and sale of each Investment Trust Property; the same shall apply hereinafter in this article and the following article); the same shall apply hereinafter for securities, etc. (securities, margin transactions relating to securities, and derivative transactions (derivative transactions as defined in Article 2, Paragraph 20 of the FIEA), hereinafter referred to as "Securities, etc." in this article) pertaining to multiple Investment Trust Properties are buy/sell orders with the same buy/sell conditions (meaning the type and issue of Securities, etc., whether they are sold or

purchased, the type of transaction, and the execution price or price range; the same shall apply hereinafter in this article) and these buy/sell orders correspond to any of the following orders (meaning an instruction from an investment management division to an ordering division; the same shall apply hereinafter), a Management Company may place an order with a financial instruments business operator, etc. by combining such multiple buy/sell orders (including cases where the Management Company places an order in installments from the perspective of ensuring best execution in consideration of market conditions. Hereinafter referred to as a “Batch Order”).

Proprietary trading shall not be regarded as a Batch Order.

- (1) Buy/sell orders for Securities, etc. that arrive at the ordering division before the start of market trading hours (including the afternoon session)
  - (2) Buy/sell orders for Securities, etc. that arrive at the ordering division during market trading hours (limited to those for which the requirements, procedures, etc. for handling orders as a Batch Order by the ordering division are specified in the By-laws provided in the internal rules of a Management Company )
2. Securities, etc. eligible for Batch Orders shall, for the time being, be Securities, etc. listed or registered on a Financial Instruments Exchange Market (meaning a financial instruments exchange market as defined in Article 2, Paragraph 17 of the FIEA; the same shall apply hereinafter), Foreign Financial Instruments Market (meaning a foreign financial instruments market as defined in Article 2, Paragraph 8, Item 3 (b) of the FIEA; the same shall apply hereinafter), or an Over-the-Counter Financial Instruments Market (meaning a market other than Financial Instruments Exchange Markets among financial instruments markets (meaning financial instruments markets as defined in Article 2, Paragraph 14 of the FIEA; the same shall apply hereinafter)).
  3. The execution unit price applicable to a Batch Order shall be the average unit price, and such average unit price shall be the price calculated using the calculation method specified in the By-laws.
  4. Allocation of execution results for Batch Orders shall be made on a per transaction basis, and one method shall be selected in advance from among the allocation methods and rounding methods specified in the By-laws, and the allocation shall be made by such method.
  5. When placing a Batch Order, a Management Company shall comply with the following requirements.
    - (1) The investment management division and the ordering division shall be separated.
    - (2) The matters or documents listed in (a) and (b) below shall be indicated in the order slip prescribed in Article 157, Paragraph 1, Item 17 (d) of the Order on Financial Instruments Business as applied mutatis mutandis in accordance with Article 181, Paragraph 1, Item 4 of the same Act (including a document specifying the matters to be indicated in the order slip, which is required to be attached to the order slip under Article 171, Paragraph 3, Item 1), or a document stating the matters listed in (a) and (b) shall be attached
      - (a) The time of sending a buy/sell order from the investment management division to the ordering division or the time of receiving a buy/sell order at the ordering division
      - (b) The volume allocated to each Investment Trust Property with respect to the execution results of a Batch Order
  6. When placing a Batch Order, a Management Company shall implement the best execution of the orders after comprehensive consideration of market conditions, prices, etc.



7. When a Management Company intends to place a Batch Order, it shall in advance establish internal rules including the matters specified in the preceding paragraphs and establish an internal system accordingly.
8. A Management Company shall establish a compliance department and other administrative departments to ensure the proper performance of Batch Orders and to verify the execution of business operations.

\* Article 1-4, Article 1-5 and Article 1-6 of the By-laws

\* Article 37 of Rules for Investment Management Reports

#### Article 8-3 Management, etc. of Batch Orders with Non-Investment Trust Investment Assets or Foreign Investment Assets

The provisions of the preceding article shall apply mutatis mutandis to Batch Orders for the Investment Trust Property, non-investment trust investment assets (meaning investment assets as prescribed in Article 35, Paragraph 1, Item 15 of the FIEA; the same shall apply hereinafter), and foreign investment assets (meaning foreign investment assets as prescribed in Article 171, Paragraph 1, Item 1 of the Order on Financial Instruments Business; the same shall apply hereinafter). In this case, the term “multiple Investment Trust Properties” in the main clause of Article 8-2, Paragraph 1 shall be deemed to be replaced with “multiple investment assets or foreign investment assets,” the term “for each Investment Trust Property” shall be deemed to be replaced with “for each investment asset or foreign investment asset,” and the term “each Investment Trust Property” in Paragraph 5, Item 2 (b) shall be deemed to be replaced with “each investment asset or foreign investment asset.”

\* Article 1-7 of the By-laws

#### Article 9 Application for Establishment or Early Cancellation of Mother Investment Trusts and Time Limits for Application

1. In the event that there are multiple child funds which invest in one mother investment trust, the Management Company gives due consideration to equality among the child funds when applying for the establishment or early cancellation of the said mother investment trust.
2. The time limit for application for such establishment or early cancellation by the manager of an Investment Trust that is established or cancelled at the base value of the mother investment trust on the application date shall be until the close of the market.

Provided, however, that the time limit for application for such establishment or early cancellation by the manager of an Investment Trust that is established or cancelled at the base value of the mother investment trust on the business day preceding the application date shall be the time limit set forth in (a) or (b) below with regard to the Investment Trust specified in Sub-item (a) or (b) below.

(a) Investment Trusts for the purpose of achieving investment results linked to a specific index: until the close of the market on the date of application

(b) Investment Trusts other than those set forth in Sub-item (a): until the opening of the market on the date of application

However, in the case of Investment Trusts other than those listed in (a) above, if the manager of the Investment Trust expresses its intention (limited to those that can be quantified with respect to

applications on the next business day) by the close of the market on the business day prior to the application date, and if an application for establishment or early cancellation is made automatically based on such declaration of intent on the application date, the time limit may be until the close of the market on the application date. In this case, the declaration of intent shall be made after establishing internal regulations on how to determine the amount and incorporation ratio in advance and how to make an automatic application, and a record of the declaration of intent shall be kept by the system.

#### Article 10 Handling of Shareholders Benefits, etc.

1. The Management Company shall, upon consultation with the trustee, convert into cash and transfer to the Investment Trust Property any goods or other items provided under the name of shareholder benefits, etc. derived from shares incorporated in the Investment Trust Property (hereinafter referred to as “Shareholder Benefits, etc.”) which meet the following criteria.

(1) Those that can be easily converted into cash, such as those for which there is a market for individual conversion.

(2) Those deemed necessary for the benefit of beneficiaries, such as those that affect the base value

2. In cases where the criteria of the preceding paragraph are not met and the Shareholder Benefits, etc. can be converted into cash collectively, they may, upon consultation with the trustee, be transferred to the Trust Property in accordance with a specified allocation method that eliminates arbitrariness.

#### Section 3 Investment Target, etc.

#### Article 11 Scope of Shares for Incorporation, etc.

Shares to be incorporated into the Investment Trust Property shall be limited to those that fall under any of the following categories.

(1) Those listed on a Financial Instruments Exchange (meaning a financial instruments exchange as defined in Article 2, Paragraph 16 of the FIEA) or a Foreign Financial Instruments Market, and those registered, etc. on an Over-the-Counter Financial Instruments Market established in a foreign country

(2) Among unlisted shares or unregistered shares, those that are disclosed in accordance with the FIEA or the Companies Act (Act No. 86 of 2005), or those that meet the requirements specified in the By-laws (including shares issued in foreign countries that are specified by the Self-regulation Committee as similar to these)

\* Article 2 of the By-laws

\* Committee Resolution 1

#### Article 12 Scope of Investment Trust Securities for Incorporation, etc.

1. Investment trust securities to be incorporated into the Investment Trust Property shall be limited to those that fall under any of the following categories.

(1) Beneficiary certificates of securities investment trusts as defined in Article 3 or investment securities of securities investment corporations as defined in Articles 25 and 26 (including similar assets overseas

that fall under the category of beneficiary certificates of foreign Investment Trusts or foreign investment securities as defined in the FIEA (hereinafter referred to as “Foreign Investment Trust Securities”))

- (2) Beneficiary certificates of real estate investment trusts or investment securities of real estate investment corporations (including similar assets overseas that fall under the category of Foreign Investment Trust Securities. Hereinafter referred to as “REIT Securities”) as defined in Article 3, Paragraph 1 of the Regulations on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the “Regulations on REIT, etc.”)
  - (3) Beneficiary certificates of infrastructure investment trusts or investment securities of infrastructure investment corporations (including similar assets overseas that fall under the category of Foreign Investment Trust Securities; hereinafter referred to as “IIT Securities”) as defined in Article 3, Paragraph 3 of the Regulations on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as the “Regulations on IIT, etc.”)
  - (4) Beneficiary certificates of investment trusts other than the securities investment trusts, etc. specified in Article 27 or investment securities of Investment Corporations to which Article 30 applies (including similar assets overseas that fall under the category of Foreign Investment Trust Securities)
  - (5) If the Investment Trust Securities set forth in the preceding items are Foreign Investment Trust Securities, such Foreign Investment Trust Securities shall satisfy the requirements specified in the By-laws.
2. The total amount of Investment Trust Securities described in the preceding paragraph shall not exceed 5% of the total amount of net assets of the relevant Investment Trust Property. However, the amount of Investment Trust Securities specified in the By-laws shall not be included in the calculation of the total amount. The provisions of Article 17-2 shall not apply to Investment Trust Securities managed in the range of 5% in accordance with the provisions of this paragraph.
  3. The amount that a single Management Company (including securities investment corporations to which the said Management Company provides investment instructions) may invest in a single investment trust security shall not exceed 50% of the total net asset value of the Investment Trust or Investment Corporation being invested in without the consent of the Management Company that is providing investment instructions to the Investment Trust or Investment Corporation associated with the investment trust security being invested in.
  4. A Management Company must not give the following instructions regarding the incorporation of Investment Trust Securities.
    - (1) Mutual and cyclical holdings between investment trusts
    - (2) Investment in Funds of Funds (excluding cases where the said Fund of Funds is a mother investment trust or Investment Trust prescribed in Article 12, Items 1 and 2 of the Cabinet Order (including foreign investment trusts similar to these); hereinafter referred to as a “Listed Investment Trust”)
  5. When incorporating Investment Trust Securities for which the Management Company itself provides investment instructions, the Management Company shall pay due attention to conflicts of interest.

\* Article 3 and Article 3-2 of the By-laws

#### Article 12-2 Special Provisions for Investment in Mother Investment Trusts

The provisions of Paragraph 2 and Paragraph 3 of the preceding article shall not apply to cases where the Management Company invests in Investment Trust Securities of a mother investment trust to which the Management Company provides investment instructions.

#### Article 13 Scope of Securitized Products

Securitized products to be incorporated into the Investment Trust Property shall be limited to those for which it is possible to obtain market value in consideration of liquidity.

#### Article 14 Restrictions on the Incorporation of Assets into Medium-term Government Bond Funds

Medium-term government bond funds shall not incorporate the following assets.

- (1) Securitized products
- (2) Mortgage securities
- (3) Silent partnership equity
- (4) Investment limited partnership equity
- (5) Beneficiary rights in money trusts (excluding those falling under the category of securities), the purpose of which is to mainly invest the Trust Property in silent partnership equity
- (6) Real estate
- (7) Leasehold rights to real estate
- (8) Surface rights
- (9) Commodities (as defined in Article 3, Item 9 of the Cabinet Order)
- (10) Rights pertaining to commodity investment, etc. transactions (as defined in Article 3, Item 10 of the Cabinet Order)

#### Article 15 Other Transactions for Which Instructions May Be Given

1. In giving instructions for the investment of the Investment Trust Property, the Management Company may give instructions for the following transactions, etc. specified in each of the items.

- (1) Margin transactions (limited to those for sale): The total market value of an open interest shall be within the total net asset value of the Investment Trust Property concerned. Settlement by actual delivery or repurchase shall be permitted.
- (2) Borrowing of shares (limited to those for sale): The total market value of the shares to be borrowed shall be within the total net asset value of the Investment Trust Property concerned.
- (3) Loan of securities: Securities held by the Investment Trust Property may be loaned.
- (4) Bond borrowing and lending transactions (meaning so-called repo transactions and bond borrowing with cash collateral (hereinafter referred to as "Reverse Repo Transactions")): The total market value of bond borrowing and lending transactions shall be within the total net asset value of the Investment Trust Property concerned.
- (5) Borrowing of bonds (including Reverse Repo Transactions): The total market value of the bonds to be borrowed shall be within the total net asset value of the Investment Trust Property concerned.

- (6) Short selling of bonds (excluding convertible bond certificates, bonds convertible into shares of other companies, and corporate bonds with share warrants or share options): The total market value of bonds for short selling shall be within the total net asset value of the Investment Trust Property concerned.
  - (7) Repurchase agreements (limited to those pertaining to bonds, CDs and CPs): The contract balance of the repurchase agreement shall be within the total net asset value of the Investment Trust Property concerned.
  - (8) Cash loans: Cash loans shall be limited to those for which market value can be obtained in consideration of liquidity.
  - (9) Borrowing of funds (including transactions through the call market): Instructions for the borrowing of funds within the limits specified in the By-laws shall be permitted only for the purpose of providing funds for payment of early cancellation charges, for payment of dividends for dividend reinvestment-type Investment Trusts, and in connection with the handling of accidents (limited to those that do not require the Investment Trust Property concerned to bear the borrowing interest)
  - (10) Foreign exchange transactions: To be conducted in accordance with the following provisions
    - (i) Foreign exchange transactions shall be in accordance with market practices
    - (ii) Foreign exchange forward contracts shall be within the scope of the real net asset value of the Investment Trust Property. However, the handling of such forward foreign exchange transactions by Investment Trust Property that limit forward foreign exchange transactions to hedging purposes shall be in accordance with the provisions of Article 16.
  - (11) Issue date settlement transactions: Only sales that are settled by delivery of shares belonging to the Investment Trust Property may be conducted
2. When lending securities as prescribed in Item 3 of the preceding paragraph, a Management Company shall establish internal regulations specifying policies for loans, loan terms, loan limits, credit ratings of borrowers and other matters, and shall appropriately execute such internal rules. These internal rules shall include provisions that fully consider the risk and return of lending and the relationship with the exercise of voting rights when lending securities with the rights stipulated in Article 10 of the Investment Trust Act.

\* Article 4 of the By-laws

#### Article 16 Foreign Exchange Forward Contracts for Hedge-oriented Investment Trusts

In the case of Investment Trusts in which foreign exchange forward contracts are limited to the purpose of hedging under the Contracts, such forward contracts shall be made as follows.

- (1) Forward purchases shall be made for the acquisition price of assets denominated in foreign currencies and other money, etc. specified in the By-laws, within the maximum amount specified in the By-laws.
- (2) Forward sales shall be made for held assets denominated in foreign currencies and other money, etc. specified in the By-laws, within the maximum amount specified in the By-laws.
- (3) Forward purchases and sales may be settled by receipt or payment of foreign currency or by reversing trade.
- (4) The due dates for forward purchases and sales shall not exceed the trust period of the Investment Trust concerned.

(5) In the event that the limits specified in Items (1) or (2) are exceeded with respect to a particular Investment Trust, adjustments shall be made within one month from the date of occurrence to bring the amount within the prescribed maximum amount.

\* Articles 5 and 6 of the By-laws

#### Article 17 Restrictions on Investment in Derivative Transactions, etc.

1. In the event that the amount calculated in a reasonable manner prescribed by the Management Company in advance as the amount corresponding to risks that may arise from fluctuations in interest rates, currency prices, quotations on the Financial Instruments Market and other indices or for any other reasons with respect to the Investment Trust Property exceeds the total amount of the net asset value of such Investment Trust Property, a Management Company shall not conduct any Derivative Transaction, etc. or make any investment intended to continue any Derivative Transaction, etc. (meaning Derivative Transaction as defined in Article 2, Paragraph 20 of the FIEA, including transactions pertaining to share option certificates, investment equity subscription right certificates, or securities or certificates representing options, trading in bonds with options, and commodity investment, etc. transactions (meaning those prescribed in Article 3, Item 10 of the Cabinet Order). Hereinafter referred to as “Derivative Transactions, etc.”).
2. The amount calculated by the Management Company in a reasonable manner as specified in the preceding paragraph shall be in accordance with the method specified in the By-laws.

\* Article 6-2 of the By-laws

#### Article 17-2 Investment Restrictions to Avoid Concentration of Credit Risk

1. The reasonable methods prescribed by Financial Instruments Business Operators, etc. in advance as methods for properly managing credit risk as specified in Article 130, Paragraph 1, Item 8-2 of the Order on Financial Instruments Business, etc. shall be such that the ratio of the exposure to a single entity to the total amount of net assets of the Investment Trust Property does not exceed 10% for each of the following categories, or 20% in total. In the event that such ratio is exceeded by reason of fluctuations in prices, interest rates, currencies or the total amount of net assets of the Investment Trust Property, adjustments shall be made to bring it inside these limits within one month from the date on which said limits are exceeded. If it is difficult to make the adjustment within one month through normal measures, the adjustment shall be made as soon as possible after clarifying the relevant details. However, this shall not apply when there are unavoidable circumstances relating to investment, such as the initial establishment, early cancellation and redemption of the securities investment trusts, or in the investment environment.
  - (1) Holding of shares and investment trust securities: “Share, etc. exposure”
  - (2) Holding of securities (excluding those set forth in the preceding item), money claims (excluding those falling under the next item), and interests in financing anonymous associations: “Bond, etc. exposure”
  - (3) Credits arising from exchange contract transactions, other transactions stipulated by the items of Article 15, and derivative transactions: “Derivatives, etc. exposure”
2. The exposures set forth in Items 1 and 2 of the preceding paragraph shall be regarding persons who have issued or formed the relevant securities, money claims, or interests in financing anonymous associations

(hereinafter in this article “Securities, etc.”) or the other party in a claim (hereinafter in this article “Issuers, etc.”) and shall be deemed to be the amount of the estimated value or credit value of the holdings (in the case of transactions with collateral, the valuation of said collateral; or in the case of a claim against said Issuers, an amount from which the value of said claim can be deducted; the same shall apply hereinafter in this article). However, the following Securities, etc. exposures shall be as set forth below, respectively:

- (1) For credits issued or guaranteed by the central government or central bank of the country, the local government, or any agency of government created by these, as determined by resolution of the members of the Self-regulation Committee, the exposure shall be 0.
  - (2) For credits issued or guaranteed by the central government or central bank of the country, the local government, or any agency of government created by these denominated in local currencies, the exposure shall be 0. However, this excludes those falling under the preceding item.
  - (3) For credits issued or guaranteed by international organizations, the exposure shall be 0.
  - (4) For call loans, deposits, and CPs (including short-term corporate bonds (meaning short-term corporate bonds as stipulated in Article 66, Item 1 of the Act on the Book-Entry Transfer of Corporate Bonds, Shares, etc.; short-term corporate bonds as stipulated in Article 61-10, Paragraph 1 of the Insurance Business Act; specified short-term bonds as stipulated in Article 2, Paragraph 8 of the Act on the Securitization of Assets; short-term bonds as stipulated in Article 54, Paragraph 4, Item 1 of the Shinkin Bank Act; short-term agricultural bonds as defined in Article 62-2, Paragraph 1 of the Norinchukin Bank Act; and short-term foreign bonds as defined in Article 38, Paragraph 2 of the Order on Supervision of General Book-Entry Institutions)), foreign CDs or Securities as defined in Article 2, Paragraph 1, Item 18 of the FIEA (excluding those as defined in the preceding items), the exposure shall be 0 if the period until maturity is not more than 120 days.
  - (5) For securities, etc. held through transactions with repurchase agreements within one month or Reverse Repo Transactions (excluding those set forth in the preceding items), the exposure shall be 0.
3. Among the transactions listed in Item 3 of Paragraph 1, the exposure of exchange contracts (excluding those corresponding to over-the-counter derivative transactions; the same shall apply hereinafter in this article) shall be regarding the other parties to the transactions and shall be as set forth below according to the contract date.
- (1) For items with a contract date arriving within 120 days, the exposure shall be 0.
  - (2) For more than 120 days, the amount of appraisal profit shall be the exposure.  
However, if any collateral has been provided for said transactions, an amount equivalent to said collateral may be deducted from the amount of appraisal profit at the discretion of the Management Company.
4. Among the transactions set forth in Paragraph 1, Item 3, the exposures of transactions set forth in the respective items of Article 15 (excluding exchange contract transactions; the same shall apply hereinafter in this article) and derivative transactions shall be regarding the Issuers etc. of Securities and the other parties of the transactions and shall be as set forth below, respectively.
- (1) The exposure regarding the Issuers etc. of Securities shall be as follows with regard to derivative transactions covering Securities, etc. (underlying assets) (however, it shall be 0 if the underlying assets

are those set forth in the items of Paragraph 2) and 0 with regard to Derivative Transactions, etc. covering financial indices (interest rates, exchange rates, stock indices, futures transactions, etc.) and other Derivative Transactions.

(a) For purchases of futures transactions, the exposure shall be the appraisal value of such Futures Transactions.

(b) The exposure for selling futures shall be 0.

(c) For purchases of call options and sales of put options, the exposure for over-the-counter derivatives of such transactions shall be the number of rights multiplied by the price of the underlying assets. However, this may be calculated by taking into consideration the sensitivity (delta) of the option price to the rate of change of the underlying assets.

(d) For sales of call options and purchases of put options, the exposure shall be 0.

(2) Exposure regarding the other parties of the transactions shall be as follows:

(a) For market derivative transactions and foreign market derivatives transactions, the exposure shall be 0.

(b) With regard to the transactions set forth in the respective items of Article 15 and over-the-counter derivative transactions, the amount of appraisal profit (if collateral or margin is deposited for such transactions (including cases where settlement is made at a clearing house), the appraisal value of the collateral or margin shall be deducted from the amount of appraisal profit) shall be the exposure.

5. Notwithstanding the provisions of Paragraph 2, in the event that an exposure in an incorporated investment trust certificate or securitized product (limited to those for which the underlying assets are strictly segregated from the proprietary assets of Issuers, etc. and secured isolation from the state of bankruptcy for the Issuers, etc.) can be looked through (i.e., an exposure or the upper limit of an exposure in said incorporated investment trust certificate or securitized product can be identified), then the amount of said exposure or the upper limit of said exposure belonging to the Investment Trust Property may be an exposure. In this case, the provisions of the preceding three paragraphs shall apply mutatis mutandis to calculating or identifying the exposure or the upper limit thereof in said incorporated investment trust certificate or securitized product.

\* Committee Resolution 2

#### Article 17-3 Exceptions to Investment Restrictions to Avoid Concentration of Credit Risk

1. Among the reasonable methods set forth by Financial Instruments Business Operators, etc., in advance as methods for properly managing credit risk as set forth in Article 130, Paragraph 1, Item 8-2 of the Order on Financial Instruments Business, methods deemed appropriate as reasonable without reference to the provisions of the preceding article shall be any of the following measures.

(1) Making said fund an Investment Trust as stipulated in Article 25, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations, or making said fund subject to the application of the Rules for Operations of MMF, etc.

(2) If the investment trust contract or the Certificate of Incorporation stipulates that the Investment Trust aims at achieving investment results linked at a certain magnification to price fluctuations of indices (such as the Securities Index, the Commodity Index or the Commodity Futures Index) that satisfy all of



the following requirements, and Issuers, etc. of the Securities, etc. constituting such indices shall be deemed to have an exposure of 0 and calculated in the manner set forth in the preceding article, the exposure of one person shall not exceed the ratio set forth in Item 1 of the same article.

(a) The amount is calculated by a person other than Investment Trust Management Companies, etc.

(b) The index and its calculation method have been publicly available

(c) The Securities Index comprehensively represents the prices of a large number of issues

(3) All of the following measures shall be taken in the event that there exists or is highly likely to exist a controlling issue in the investment target (limited to when said controlling issue is deemed highly likely to exist based on the target market of the investment, the theme, etc.):

(a) The terms “10%” and “20%” set forth in the main clause of Article 17-2, Paragraph 1 shall be deemed to be replaced with “35%” to apply the same article.

(b) The intention for specialized use shall be conspicuously indicated on the cover of the delivery prospectus (meaning the delivery prospectus as set forth in Article 1 of the Regulations on Preparation of Delivery Prospectus; the same shall apply hereinafter).

(c) That there is a controlling issue and the influence thereof shall be mentioned in the “Purpose and Features of the Fund” column of the delivery prospectus (including the fact that there is a high possibility of such existence).

(4) If the ratio of the exposure of one person calculated in the manner set forth in Article 17-2 to the net asset value of the Investment Trust Property exceeds the ratio set forth in Item 1 of the same article, the name of said person shall be clearly indicated as the name of the fund so as to be easily understood by general investors, and the measures set forth in (b) and (c) of the preceding item shall be taken.

2. In applying Article 17-2, Paragraph 5 in the event that investment trust certificates of investment trusts as set forth in Item 2 of the preceding paragraph or securitized products of the same nature (assuming the products constituting the index to be linked as underlying assets, said underlying assets shall be strictly separated from the specific assets of Issuers, etc. and shall be isolated from the state of bankruptcy, etc. of the Issuers, etc.) are incorporated, the exposure of the Issuers, etc. constituting the index to be linked by the incorporated investment trust or the Issuers, etc. of said incorporated securitized products shall be deemed to be 0 when calculating the exposure set forth in Article 17-2.

3. The controlling issue set forth in Paragraph 1, Item 3 means the issue of specified issuers defined in any of the following ways, in which the degree of contribution of said issuer exceeds 10%:

(1) A method in which the ratio of the market capitalization (including financial weight/risk weight/an amount equal to these) of the issues issued by a specified issuer to the market capitalization of the candidates for investment specified by the Management Company in accordance with the proper procedures based on the internal rules is used as the degree of contribution of said specified issues

(2) A method in which using the benchmark for which the Management Company determines its calculation method in accordance with the appropriate procedure based on internal rules (including a benchmark when an index calculated in accordance with the calculation method determined by a third party is employed as a benchmark, and excluding any requirement that such index be described in the investment trust contract, prospectus, etc.), whereby the ratio of the total amount of the issues issued by the specified

issuer to the entire benchmark shall be regarded as the degree of contribution of said specific issue

#### Article 18 Indication of Contracts for Investment Trusts to Use Derivative Transactions, etc. for Purposes Other Than Hedging

1. Investment Trusts using Derivative Transactions, etc. for purposes other than hedging shall clearly indicate their investment attitude in the Contracts (including the attached table).
2. Notwithstanding the provisions of the preceding paragraph, the use of long-term public and corporate bond investment trusts, medium-term government bond funds, asset accumulation funds, and other Derivative Transactions, etc. of Investment Trusts specified in the By-laws shall be limited to those for the purpose of hedging.

\* Article 7 of the By-laws

#### Article 19 Adjustment, etc. in Case of Exceeding Restrictions on the Incorporation Rate

1. If any of the following events, etc. has occurred to the Investment Trust Property, the Management Company shall make an adjustment so that such events are within the prescribed limit within the period specified in the respective items:
  - (1) Within six working days, including the day of occurrence, of any event exceeding the limit for the number of shares to be incorporated due to any rise in the value of shares or early cancellation of shares
  - (2) Within one month, including the date of occurrence, when any event exceeding the limit of incorporation or the scope of foreign exchange reservation occurs due to a rise in the value of foreign securities, etc.
2. For Investment Trusts which incorporate beneficiary certificates or investment securities into which shares or assets denominated in foreign currencies can be incorporated, the amount of shares or assets denominated in foreign currencies incorporated in said beneficiary certificates or investment securities (limited to amounts equivalent to the incorporation of such Investment Trusts) shall be included in the calculation of the limit of shares or assets denominated in foreign currencies incorporated in such Investment Trusts.

#### Article 20 Special Provisions for Funds, etc. for Comprehensive Securities Accounts

Investment targets, etc. related to funds for comprehensive securities accounts and MMFs shall be as set forth in the Rules for Operations of MMF, etc., and the provisions of Section 3 of Chapter 1 shall not apply.

### Chapter 2: Privately Placed Securities Investment Trusts

#### Article 21 Privately Placed Securities Investment Trusts

Instructions for management of investment trust assets in privately placed (meaning private placement as defined in Article 2, Item 3 of the FIEA; the same shall apply hereinafter) securities investment trusts, (hereinafter "Privately Placed Investment Trust Property") shall be given according to the following:

- (1) The provisions of Article 3 shall apply mutatis mutandis to marketable securities investments in privately placed securities investment trusts, and the provisions of Article 4 through Article 10 shall

- apply mutatis mutandis to Management Companies that give instructions for management of privately placed securities investment trusts. In this case, the term “securities investment trusts” in Article 3 shall be replaced with “privately placed securities investment trusts,” the term “Trust Property of securities investment trusts (hereinafter referred to as “Investment Trust Property”) in Article 4 shall be replaced with “Privately Placed Investment Trust Property,” and the term “Investment Trust Property” in Article 5 through Article 7 and Article 10 shall be replaced with “Privately Placed Investment Trust Property.”
- (2) The provisions of Article 12 (excluding Paragraph 1, Item 5; hereinafter the same shall apply in this paragraph) shall apply mutatis mutandis to the incorporation of beneficiary certificates of investment trusts of the Privately Placed Investment Trust Property or investment securities of Investment Corporations. In this case, the term “Investment Trust Property” in said article shall be replaced with “Privately Placed Investment Trust Property.”
- However, notwithstanding the provisions of Article 12, Paragraph 2, investments may be made in investment trust securities set forth in Article 12, Paragraph 1, Items 1 and 4 and in REIT Securities and IIT Securities that satisfy the following requirements:
- (a) The securities are REIT Securities or IIT Securities that can be measured at market value
  - (b) The management status, etc. at the time of settlement of accounts, etc. is available for REIT Securities or IIT Securities
- (3) The provisions of Article 15, Paragraph 1, Item 9 shall apply mutatis mutandis to the borrowing of funds by the Privately Placed Investment Trust Property.

### Chapter 3: Fund of Funds

#### Article 22 Requirements, etc. for Funds of Funds for Public Offerings

1. Public offering (other than private placements; the same shall apply hereinafter) funds of funds shall be limited to those which satisfy the following requirements:
- (1) If the investment trust securities to be incorporated are domestic investment trust securities, they shall be investment trust securities for public offering (hereinafter “Publicly Offered Investment Trust Securities”) and Investment Trust Securities to which the rules, etc. of the Association relating to the Publicly Offered Investment Trusts are applied. If the Investment Trust Securities to be incorporated are Foreign Investment Trust Securities, they shall be Foreign Investment Trust Securities that satisfy the requirements specified in the By-laws.
  - (2) Investments and transactions other than investments in investment trust securities shall be limited to the following investments and transactions:
    - (a) CPs, short-term corporate bonds, etc. (meaning short-term corporate bonds as stipulated in Article 66, Item 1 of the Act on the Book-Entry Transfer of Corporate Bonds, Shares, etc.; short-term corporate bonds as stipulated in Article 61-10, Paragraph 1 of the Insurance Business Act; specified short-term corporate bonds as stipulated in Article 2, Paragraph 8 of the Act on the Securitization of Assets; short-term bonds as stipulated in Article 54-4, Paragraph 1 of the Shinkin Bank Act; short-term agricultural bonds as defined in Article 62-2, Paragraph 1 of the Norinchukin Bank Act; and short-term foreign bonds as defined in Article 38, Paragraph 2 of the Order on Supervision of

- General Book-Entry Institutions), CDs, deposits designated money trusts (meaning beneficiary certificates of trust-issuing beneficiary certificate trusts as set forth in Article 2, Paragraph 1, Item 14 of the FIEA and beneficiary rights of trust as set forth in Article 2, Paragraph 2, Item 1 of the said Act that are beneficiary rights of money trusts with a principal indemnity agreement as set forth in Article 22, Paragraph 1, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000)), call loans, or investments in bills traded on discount markets
- (b) Transactions with repurchase agreements, loan transactions with debentures, or loans of investment trust securities listed on the market
  - (c) The following REIT Index futures transactions (meaning futures transactions covering the REIT Index and including similar transactions in foreign countries; the same shall apply hereinafter)
    - i) REIT Index futures transactions conducted by the funds of funds in which the investment trust securities to be incorporated are limited to REIT Securities meeting the requirements of the items of Paragraph 2
    - ii) REIT Index futures transactions to prevent any discrepancy between the market price of REIT Securities to be incorporated and the investment results to be targeted in the investment policy in the prospectus and the basic policy for management in the Contracts
  - (d) In the event that a Listed Investment Trust is incorporated, in order to prevent any discrepancy between the market price of the said Listed Investment Trust and the base value of the said fund of funds, the Linked Index (meaning the Linked Index as defined in Article 19, Paragraph 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000)) of the Listed Investment Trust pertaining to the Securities Index Futures Transaction (meaning the Securities Index Futures Transaction as defined in Article 14, Item 6 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. (Cabinet Office Ordinance No. 59 of 2007))
  - (e) Investments in beneficiary certificates of trust-issuing beneficiary certificate trusts as set forth in Article 2, Paragraph 1, Items 14 and 17 of the FIEA (excluding those set forth in (a)) and beneficiary rights, etc. of a trust as prescribed in Article 2, Paragraph 2 of the same act that satisfy the requirements specified in the By-laws
  - (f) Investments in investment equity subscription right certificates (meaning those prescribed in Article 2, Paragraph 18 of the Investment Trust Act) issued by Investment Corporations pertaining to REIT Securities and IIT Securities
- (3) Foreign exchange contract transactions shall be limited to hedging of assets denominated in foreign currencies.
- (4) The investment trust securities to be incorporated are limited to the scope of investment trust securities listed in the selection conditions and list of investment trust securities to be incorporated as set forth in the Contracts or the Certificate of Incorporation of the investment corporation (hereinafter “Certificate of Incorporation”). However, in the case of REIT Securities, IIT Securities, and the Listed Investment Trusts, it shall not be necessary to state the investment policy on the list if said investment policy is

specified in the selection conditions and communicated to customers in a timely manner.

- (5) Said fund of funds and the investment trust securities to be incorporated shall disclose the main payment expenses such as the trust fee rate and the acquisition commissions for each investment trust security.
  - (6) The fund of funds shall satisfy the requirements provided in the By-laws in addition to those provided in the preceding items.
2. REIT Securities and IIT Securities to be incorporated by the fund of funds in a public offering shall be limited to those that satisfy the following requirements:
    - (1) Securities which are exchange traded or over-the-counter registered (hereinafter referred to as “Listing, etc.”) (including those pertaining to a new offering or secondary distribution prior to Listing, etc., or an additional offering or secondary distribution after Listing, etc.) and which are available for sale at any time (excluding cases where liquidity is temporarily decreased due to sudden market change, etc.)
    - (2) Prices are published on a day-to-day basis and can be measured at market value.
    - (3) The status of operations at the time of settlement of accounts is disclosed, and such information is available.
  3. The Listed Investment Trusts to be incorporated by public offering funds of funds shall be limited to those that satisfy the following requirements:
    - (1) Securities listed on the Tokyo Stock Exchange and are available for sale at any time (excluding cases in which liquidity is temporarily decreased due to sudden changes in market conditions, etc.).
    - (2) Prices are published on a day-to-day basis and can be measured at market value.
    - (3) The status of operations at the time of settlement of accounts is disclosed, and such information is available.
  4. The Management Company shall disclose at least once every six months (when the accounting period is less than six months, at the time of making each settlement report) the latest details of securities and other assets held by the Investment Trusts, etc. to be invested (meaning such recent details as the latest settlement report or semiannual report of the incorporated investment trusts that can be known to the Management Company) to the extent known to the Management Company. However, in the event that the investment trust securities invested in are REIT Securities or IIT Securities, investment summaries of such REIT Securities and IIT Securities at the time of the latest settlement of accounts shall be disclosed to the extent known.
  5. When incorporating beneficiary certificates of investment trusts for which the Management Company itself gives instructions for investment, the Management Company shall pay sufficient attention to conflicts of interest.

\* Article 8 of the By-laws

#### Article 23 Investment Restrictions, etc. on Funds of Funds for Public Offering

1. Funds of funds for public offering shall in principle invest in multiple investment trust securities. However, this shall not apply to cases in which said funds of funds are Listed Investment Trusts and invest in investment trust securities for the purpose of investment in assets in foreign countries, the taking out of which is restricted in said countries.
2. The provisions of Article 17-2 and Article 17-3 shall apply to funds of funds for public offering.

#### Article 24 Funds of Funds for Private Placement

The provisions of Article 3 through Article 7, Article 9 through Article 10, Article 12 (excluding Paragraph 1, Item 5), Paragraph 1, Item 9 of Article 15, and the proviso to Paragraph 1, Item 2 of Article 21 as applied mutatis mutandis pursuant to Article 21 shall apply mutatis mutandis to private placement of funds of funds. In this case, the term “securities investment trusts” in Article 3 shall be replaced with “funds of funds for private placement”; the term “Trust Property of securities investment trusts (hereinafter referred to as “Investment Trust Property”)) in Article 4 shall be replaced with “property of funds of funds for private placement”; and the term “Investment Trust Property” in Article 5 through Article 7, Article 9 through Article 10, Article 12, and Article 15 shall be replaced with “funds of funds for private placement.”

#### Part 3 Securities Investment Corporations

##### Article 25 Publicly Offered Securities Investment Corporations

1. The provisions of Article 3 shall apply mutatis mutandis to the management of publicly offered securities investment corporations. In this case, the term “securities investment trusts” in the same article shall be replaced with “securities investment corporations,” the term “Trust Property of said Investment Trust” shall be replaced with “assets of said Investment Corporations,” the term “initial establishment” shall be replaced with “initial founding,” and the term “cancellation and redemption” shall be replaced with “refund and dissolution of the investment units.”
2. The provisions of Article 4 through Article 13, Article 15, Article 16, Article 18, and Article 19 shall apply mutatis mutandis to investment targets, etc., of securities investment corporations (excluding securities investment corporations set forth in the following paragraph). In this case, the term “Trust Property of securities investment trusts (hereinafter “Investment Trust Property”))” in Article 4 shall be replaced with “assets of securities investment corporations (hereinafter “Investment Corporation Assets”),” and the term “Investment Trust Property” in Article 5 through Article 7, Article 10 through Article 13, Article 15, and Article 19 shall be replaced with “Investment Corporation Assets.”  
However, the provisions of Article 11 through Article 13, Article 15, Article 16, Article 18, and Article 19 as applied mutatis mutandis pursuant to this paragraph shall not apply only when any other resolution is made at the Investors’ General Meeting.
3. The provisions of Chapter 3 of the Rules for Operations of MMF, etc. shall apply mutatis mutandis to the management of securities investment corporations in cases in which said securities investment corporations are established as funds for comprehensive securities accounts (meaning securities investment trusts set forth in the Rules for Operations of MMF, etc.). In this case, the term “MRFs” in the same chapter shall be replaced with “securities investment corporations.”

##### Article 26 Privately Placed Securities Investment Corporations

The provisions of Article 21 shall apply to privately placed securities investment corporations. In this case, the term “securities investment trusts” in said article shall be replaced with “securities investment corporations,”

the term “Investment Trust Property” in said article shall be replaced with “investment corporation assets,” and the term “Privately Placed Investment Trust Property” in said article shall be replaced with “privately placed investment corporation assets”; and in Article 15, Paragraph 1, Item 9 as applied mutatis mutandis pursuant to Article 15, Item 3, the phrase “for the purpose of payment of early cancellation charges, payment of dividends for dividend reinvestment-type Investment Trusts” in said article shall be replaced with “for the purpose of repayment of investment units.”

However, the provisions of Article 12 and Article 15 (limited to Item 9 of Paragraph 1) as applied mutatis mutandis pursuant to Article 21 shall not apply only when a resolution is otherwise made at the Investors’ General Meeting.

#### Part 4 Investment Trusts, etc., Mainly Invested in Assets Other Than Securities, Real Estate, or Infrastructure Assets

##### Article 27 Principles of Investment

Investment Trusts mainly invested in assets other than securities, real estate, and infrastructure assets (hereinafter “Investment Trusts Other Than Securities Investment Trusts, etc.”; the same shall apply hereinafter in the following article and Article 29) shall mainly invest in the assets set forth in Article 2, Paragraph 2, Items 1 and 2 (excluding those set forth in Article 3, Paragraph 2, Item 5 of the Regulations on REIT, etc., and those set forth in Article 3, Paragraph 5, Item 3 of the Regulations on IIT, etc.); Items 3, 4, and 5 (excluding those pertaining to Article 3, Paragraph 3, Item 5 of the Regulations on REIT, etc., and those pertaining to Article 3, Paragraph 6, Item 2 of the Regulations on IIT, etc.); Items 6 and 7 of the FIEA , and Article 3, Item 2 (excluding transactions of securities-related derivatives); Items 6, 7, and 8 (excluding those pertaining to Article 3, Paragraph 2, Item 7 of the Regulations on REIT, etc., and those pertaining to Article 3, Paragraph 6, Item 2 of the Regulations on IIT, etc.); and aggregate assets comprising a combination of Specified Assets (excluding aggregate assets comprising a combination of several Specified Assets such as Securities Investment Trusts, real estate investment trusts, and infrastructure investment trusts) set forth in Items 9 and 10 of the Cabinet Order. An amount exceeding half the total amount of assets of said investment trusts shall be used as an investment in these assets. However, this shall not apply when there are unavoidable circumstances relating to investment, such as initial establishment of Investment Trusts Other Than Securities Investment Trusts, etc., early cancellation and redemption of the securities investment trusts, or in the investment environment.

##### Article 28 Investment Restrictions, etc. on Derivative Transactions, etc. by Investment Trusts Other Than Securities Investment Trusts, etc. and Avoiding Concentration of Credit Risk

The provisions of Article 17, Article 17-2, and Article 17-3 shall apply mutatis mutandis to investment restrictions, etc. on Derivative Transactions, etc., conducted by Investment Trusts Other Than Securities Investment Trusts, etc. and investment restrictions for avoiding concentration of credit risks.

##### Article 29 Instructions for Management of Investment Trusts Other Than Securities Investment Trusts, etc.

1. The provisions of Article 4 through Article 9 and Article 15 shall apply mutatis mutandis to instructions on

the management of Investment Trusts Other Than Securities Investment Trusts, etc. In this case, the term “Investment Trust Property” in said article shall be replaced with “assets of Investment Trusts Other Than Securities Investment Trusts, etc.”

2. Among the transactions set forth in Article 15 as applied mutatis mutandis pursuant to the preceding paragraph, transactions related to securities set forth in the FIEA shall be, in principle, within an amount less than one half of the total amount of assets of Investment Trusts Other Than Securities Investment Trusts, etc.
3. With regard to investment targets other than the main investment targets set forth in Article 27, instructions for the management of Investment Trusts Other Than Securities Investment Trusts, etc. shall be as set forth in the Regulations on REIT, etc., and the Regulations on IIT, etc., in addition to those set forth in the preceding two paragraphs.

#### Article 30 Special Provisions on Matters concerning Management of Investment Corporations and Privately Placed Investment Trusts

1. The provisions of Article 27 shall apply to Investment Trusts other than Investment Corporations and privately placed securities investment trusts whose main investment targets are assets other than securities, real estate, or infrastructure assets.
2. The provisions of Article 4 through Article 9 and Article 15 as applied mutatis mutandis pursuant to the preceding article shall apply mutatis mutandis to Investment Trusts other than Investment Corporations and privately placed securities investment trusts whose main investment targets are assets other than securities, real estate, or infrastructure assets, and the provisions of Paragraph 2 of said article shall apply to transactions said Investment Corporations, etc. may conduct.

However, the provisions of Article 15 as applied mutatis mutandis pursuant to this paragraph shall not apply to cases in which any other resolution has been made at the Investors’ General Meeting.

3. The provisions of Paragraph 3 of the preceding article shall apply mutatis mutandis to Investment Trusts other than Investment Corporations and privately placed securities investment trusts whose main investment targets are assets other than securities, real estate, or infrastructure assets.

#### Part 5 Others

##### Article 31 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

##### Article 32 Others

Any matters not provided for in these Rules regarding management of the Investment Trust Property or investment corporation assets, etc. may be decided by resolution of the Board of Directors.

##### Article 33 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-regulation Committee the authority to amend any By-laws relating to these Rules.



2. The Self-regulation Committee shall promptly report to the Board of Directors any decision(s) made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

#### Supplementary Provisions

1. These Rules shall come into effect on April 1, 2004.
2. For securities investment trusts established as of June 30, 1999 and for which a closed-end foreign securities investment corporation is to be incorporated in the investment trust contract, the provisions of Article 12 shall not apply to investment securities of said foreign securities investment corporations until the end of the trust period of said securities investment trust (until the end of the trust period in the existing investment trust contract), and said securities investment trusts shall be treated as shares as before.

#### Supplementary Provision

This amendment shall come into effect on May 25, 2004.

#### Supplementary Provision

This amendment shall come into effect on July 16, 2004.

#### Supplementary Provisions

This amendment shall come into effect on November 19, 2004.

However, the amended provisions of Article 11 shall come into effect from the date of commencement of transactions on the JASDAQ Securities Exchange (Inc.)

#### Supplementary Provision

This amendment shall come into effect on March 18, 2005.

#### Supplementary Provision

This amendment shall come into effect on May 24, 2006.

#### Supplementary Provision

This amendment shall come into effect on June 19, 2006.

#### Supplementary Provision

This amendment shall come into effect on December 15, 2006.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on April 20, 2007.

Supplementary Provisions

This amendment shall come into effect on September 30, 2007.

However, securities investment trusts prescribed in the former Article 3 existing at the time of amendment (excluding those falling under securities investment trusts set forth in the new Article 3 after amendment) shall be deemed to be securities investment trusts prescribed in the new Article 3, and Investment Trusts Other Than Securities Investment Trusts, etc. falling under the former Article 27 (excluding those falling under securities Investment Trusts Other Than Securities Investment Trusts, etc. set forth in the new Article 27 after amendment) shall be deemed to be Investment Trusts Other Than Securities Investment Trusts, etc. prescribed in the new Article 27.

Supplementary Provision

This amendment shall come into effect from the date of approval on the amendment of the Operational Rules by the competent government agency (March 31, 2008).

Supplementary Provision

This amendment shall come into effect on June 20, 2008.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provisions

1. This amendment shall come into effect on January 16, 2009.

However, the provisions then in force may be applied to securities investment trusts existing at the time of such revision.

2. Short-term commercial and industrial bonds stipulated in Article 38 of the Supplementary Provisions of the Shoko Chukin Bank Act (Act No. 74 of 2007) shall be deemed to be short-term corporate bonds stipulated in Article 22, Paragraph 1, Item 2 (a).

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on October 14, 2010.

Supplementary Provision

This amendment shall come into effect on February 17, 2011.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

However, the provisions of Article 17-2 and Article 17-3 shall not apply to Investment Trusts existing at the time of amendment of these Rules for a period of five years from the effective date. This shall not apply to cases in which reasonable methods prescribed in said article have been set forth for such Investment Trusts.

\* The amended provisions are as follows:

- (1) Article 12, Item 2 has been amended.
- (2) Paragraph 1 of Article 17 has been amended, and Paragraph 2 of Article 17 has been newly established.
- (3) Articles 17-2 and 17-3 have been newly established.
- (4) Article 19, Paragraph 1, Item 2 has been amended; Items 3 through 5, the former Paragraph 2 and Paragraph 3 have been deleted; Paragraph 4 has been moved up to Paragraph 2.
- (5) Paragraph 2 of Article 23 has been newly established.
- (6) Article 28 has been amended.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Article 22, Paragraph 1, Item 2 (f) has been newly established.

Supplementary Provisions

This amendment shall come into effect on March 1, 2015.

\* The amended provisions are as follows:

Article 8-2, the introductory clause in Paragraph 1, Item 2 and Paragraph 2 are amended.

Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

- (1) Article 12, Paragraph 1, Item 2 has been amended; Item 3 has been newly established, and former Items 3 through 4 has been changed to Items 4 through 5.
- (2) Article 21, Item 2; Article 22, Paragraph 1, Items 2 and 4; Article 22, Paragraphs 2 and 4; Article 24; Headings for Part 4; Article 27 have been revised.
- (3) Article 29, Paragraph 3 has been newly established.
- (4) Paragraphs 1 and 2 of Article 30 have been amended, and Paragraph 3 has been newly established.

#### Supplementary Provisions

This amendment shall come into effect on June 13, 2018.

\* The amended provisions are as follows:

Article 15, Paragraph 1, Item 9 has been amended.

#### Supplementary Provisions

This amendment shall come into effect on **January 1, 2022**.

However, with regard to Article 2-4, Item 1, the Management Company, etc. shall formulate a reasonable implementation plan in consideration of its own situation in the construction of the system and implement the plan by the completion date specified in the implementation plan.

The provisions after amendment may be applied before the date of implementation at the discretion of the Management Companies, etc.

\* The amended provisions are as follows:

(1) Article 2-4 is newly established, and the requirements relating thereto (Article 8-2, Paragraph 5, Item 2) have been amended.

(2) The cited section has been amended in connection with amendment of the By-laws.

(Unexecuted portion: portion shown in red in the text)

#### Supplementary Provisions

This amendment shall come into effect on January 21, 2021.

\* The amended provisions are as follows:

Article 17-2, Paragraph 3 (2) Addition of Proviso has been added.

## By-laws on Management of Investment Trusts, etc.

Established on March 19, 2004  
Revised on May 25, 2004  
Revised on June 9, 2005  
Revised on May 24, 2006  
Revised on September 21, 2007  
Revised on November 16, 2007  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on February 17, 2011  
Revised on July 17, 2014  
Revised on November 20, 2014  
Revised on December 18, 2014  
Revised on July 16, 2015  
Revised on June 13, 2018  
Revised on June 10, 2020

### Article 1 Purpose

These By-laws provide for matters necessary for enforcement of the Rules on Management of Investment Trusts, etc. (hereinafter referred to as the “Rules”) pursuant to the provisions of Article 31 of the Rules.

### Article 1-2 Supervision by the Board of Directors, etc. for Liquidity Risk Management

The measures provided in the By-laws as prescribed in Article 2-4, Item 2 of the Rules shall be as follows:

- (1) To ensure appropriate implementation of Liquidity Risk Management, a Liquidity Risk Manager who evaluates whether the Liquidity Risk Management System is appropriate and effective shall be appointed. This person shall periodically report to the Board of Directors, etc. on the status of the management of liquidity risk and whether additional liquidity analysis, etc. has been implemented appropriately as necessary, and confirm that the company’s management system is appropriate and effective.
- (2) When the Board of Directors, etc. judges that the Company’s Liquidity Risk Management System is inadequate, the Company shall instruct the person in charge to take necessary measures such as appropriately reviewing the Liquidity Risk Management System and confirm the status of implementation thereof.
- (3) When verifying by the Board of Directors, etc. that its Liquidity Risk Management System is appropriate and effective, the following matters shall be taken into consideration:
  - (a) When it is necessary to use additional analysis and control tools, etc., are sufficient resources such as budget and personnel available?
  - (b) In the event that a short-term response is required based on a request from the relevant authorities, etc., are sufficient resources such as budget and personnel available?
  - (c) Is there a system in place to ensure that reports are made promptly within the company, to supervisory authorities, and to beneficiaries, depending on the situation?
  - (d) With regard to the use of various Liquidity Risk Management Tools, etc., has a designated person been appointed to decide on the commencement of use thereof?

- (e) Are the policies for exercising various Liquidity Risk Management Tools, such as the establishment and suspension of early cancellation, clearly documented?

#### Article 1-3 Retrospective Check System

The retrospective check system specified in the By-laws provided in Article 6, Item 2 of the Rules shall be a system that allows for the preservation and retrospective verification of the operation plan, the execution of the operation, and the reasons when the execution is not in accordance with the operation plan.

#### Article 1-4 Requirements, Procedures, etc. for Ordering Division to Handle Multiple Orders as a Batch Order

The requirements, procedures, etc. for handling orders as a Batch Order by the ordering division specified in the By-laws provided in Article 8-2, Paragraph 1, Item 2 of the Rules shall include any of the following:

- (1) When the ordering division is given discretion to execute
  - (a) When adding an order after placing a Batch Order, if the initial Batch Order is not yet executed, the order can be added at any time.
  - (b) When adding an order after placing a Batch Order, if the initial Batch Order contains partial execution, the execution up to the said additional order shall be allocated among the Investment Trust Property bundled in the initial Batch Order, and then a new Batch Order shall be placed for the unexecuted portion of the initial Batch Order and the additional order.
- (2) When the ordering division is not given discretion to execute

Only for buy/sell orders for Securities, etc. that have been received the same time (meaning those prescribed in Article 8-2 of the Rules; the same shall apply hereinafter in Article 1-5).

#### Article 1-5 Method of Calculating Average Unit Price for Batch Orders

The calculation method specified in the By-laws as prescribed in Article 8-2, Paragraph 3 of the Rules shall be the method of dividing the total contracted amount for a Batch Order by the total contracted volume.

In the event that any fraction arises in the price calculated by such method of calculation, the number of decimal places and the method of treatment of such fraction shall be decided in advance with the Type I Financial Instruments Business Operator (meaning a person engaged in the financial instruments business as defined in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act ( Act No. 25 of 1948; hereinafter referred to as the “FIEA” )), or a corporation established under the laws of a foreign country and similar thereto.

#### Article 1-6 Allocation Method for Batch Orders

1. The allocation method specified in the By-laws as prescribed in Article 8-2, Paragraph 4 of the Rules shall be the method set forth in the following items with respect to the following orders:

- (1) Purchase orders for Securities, etc.: Any of the methods listed in (a) or (b) below
  - (a) Calculated by multiplying the order volume for each Investment Trust Property by the ratio obtained by dividing the total contracted volume for the Batch Order by the total order volume.
  - (b) Calculated by multiplying the total contracted volume by the ratio of the total net asset value of the Investment Trust Property in question to the total net asset value of the multiple investment trust

properties pertaining to the Batch Order.

Provided, however, that the dividend quantity in case of distribution based on such a method shall not exceed the ordered quantity of said Investment Trust Property.

(2) Sales orders for Securities, etc.: Any of the methods listed in (a) or (b) below

(a) The method listed in (a) of the preceding item

(b) Calculated by multiplying the total contracted volume by the ratio of the holding volume of the Investment Trust Property in question to the total holding volume of the securities pertaining to the sale of the multiple Investment Trust Properties pertaining to the Batch Order.

Provided, however, that the dividend quantity in case of distribution based on such a method shall not exceed the ordered quantity of said Investment Trust Property.

(3) Other than those in the preceding two items, any other method in which fairness among funds is taken into consideration as prescribed by internal rules.

2. Rounding as provided in Article 8-2, Paragraph 4 of the Rules shall be as follows:

(1) When the number of dividend quantity calculated by the method set forth in the preceding paragraph is less than the number of trading units, the method of rounding off the number shall be the method set forth in (a) or (b) below:

(a) Truncating

(b) Rounding

(2) Allocation of the difference between the total number of units truncated based on the provisions in the preceding item or the total contracted volume resulting from rounding and the total number of dividend quantity to each Investment Trust Property shall be done by the Management Company in advance, based on reasonable standards for priority and other necessary matters set forth in its internal rules and distribute such amount based on such standards.

Article 1-7 The provisions of the preceding three Articles shall apply mutatis mutandis to the case where the management of the Batch Order for Investment Trust Property and Investment Property other than Investment Trust Property (meaning Investment Property as defined in Article 35, Paragraph 1, Item 15 of the FIEA; the same shall apply hereinafter) or Investment Property (limited to cases where Investment Trust Property is included) and Foreign Investment Property (meaning Foreign Investment Property as defined in Article 171, Paragraph 1, Item 1 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007); the same shall apply hereinafter) is conducted. In this case, the term “Investment Trust Property bundled” in Article 1-3, Item 1 shall be deemed to be replaced with “investment assets or foreign investment assets bundled,” the term “each Investment Trust Property” in Article 1-5, Paragraph 1, Item 1 (a) shall be deemed to be replaced with “each investment asset or foreign investment asset,” the term “multiple Investment Trust Properties” in the same item (b) and the same paragraph, Item 2 (b) shall be deemed to be replaced with “multiple investment assets or foreign investment assets,” the term “the Investment Trust Property” in the same item (b) shall be deemed to be replaced with “the investment assets or foreign investment assets,” and the term “each Investment Trust Property” in the same paragraph, Paragraph 2,

Item 2 shall be deemed to be replaced with “the investment assets or foreign investment assets.”

#### Article 2 Requirements for Unlisted and Unregistered Shares

Those which satisfy the requirements provided in the By-laws as prescribed in Article 11, Item 2 of the Rules shall satisfy any of the requirements listed in the following items:

- (1) It shall be issued by any company that has submitted a securities report (including a Securities Registration Statement provided in Article 5 of the FIEA) under the provisions of Article 24 of the FIEA and such securities report has an audit report attached the overall opinion of which says such securities reports are appropriate.
- (2) The financial statements, etc. are audited under the Companies Act (Act No. 86 of 2005) by a certified public accountant or an auditing firm and accompanied by an audit report to the effect that the overall opinion thereof is proper or lawful and shall be issued by a company to which such financial statements, etc. are available.
- (3) The financial statements, etc. audited by a certified public accountant or an auditing firm in accordance with the provisions of the FIEA or the Companies Act and accompanied by an audit report to the effect that the overall opinion of the certified public accountant or the auditing firm is appropriate or legal shall be available and shall be issued by a company which is expected to be disclosed continuously in the future.

#### Article 3 Requirements for Foreign Investment Trust Securities

Foreign investment trust securities which conform to the requirements specified in the By-laws as prescribed in Article 12, Paragraph 1, Item 5 and Article 22, Paragraph 1, Item 1 of the Rules shall conform to the following requirements:

- (1) They have been established under the laws of a country or territory in which:
  - (a) Laws and regulations have been established with regard to a system for foreign investment trust securities
  - (b) Laws and regulations, etc. regarding disclosure pertaining to foreign investment trust securities are in place
  - (c) There is a supervisory government agency or any agency equivalent thereto which supervises the Issuer of foreign investment trust securities.
  - (d) Foreign investment trust securities shall be settled via purchase money, sale money, or fruits, etc.
- (2) They are foreign investment trust securities (excluding those listed or registered (hereinafter referred to as “listed, etc.”) in foreign financial instruments markets (as defined in Article 2, Paragraph 8, Item 3 (b) of the FIEA) or over-the-counter markets (hereinafter referred to as “Foreign Market”) or which are scheduled to be traded on a Foreign Market) that conform to the followings:
  - (a) The total amount of net assets of the foreign investment trust or foreign investment corporation (hereinafter referred to as the “Foreign Investment Trust, etc.”) shall be 100 million yen or more
  - (b) The total amount of the equity or net worth of the operating company or the management company shall be 50,000,000 yen or more



- (c) The other party shall have entrusted the business of custody of assets to a bank or a trust company
- (d) With respect to the short selling of securities (limited to real securities), the total market value of the securities for which short selling has been made shall not exceed the total amount of net assets.
- (e) Borrowings shall not exceed 10% of total net assets (excluding cases where the percentage temporarily exceeds 10% due to mergers, etc.), and
- (f) no more than 50% of the total number of issued shares (including investment securities issued by investment corporations) by a single issuing company (including investment corporations) shall be invested in.

Provided, however, that in the case of a trust contract type Investment Trust, the total amount of shares incorporated in all Investment Trusts for which the operating company or the management company of such Investment Trust gives investment instructions shall not exceed 50% of the total number of issued shares

- (g) In the case of investment in assets with insufficient liquidity such as privately placed shares, unlisted shares, securitized products with insufficient liquidity, a method shall be put in place to ensure price transparency

However, this shall not apply to those which have an investment policy that clearly stipulates that the amount of any assets with insufficient liquidity to be incorporated shall be 15% or below.

- (h) The foreign investment corporation shall not acquire securities issued by itself.
- (i) In cases where the investment trust securities to be incorporated are foreign investment trust beneficiary certificates, they shall be foreign investment trusts of which the operating company or the management company prohibit the transactions for the purpose of benefiting third party other than itself or the investment trust beneficiary certificates and transactions fail to protect beneficiaries or are detrimental to the propriety of the investment trust.
- (j) In cases where the investment trust securities to be incorporated are foreign investment trust certificates, they shall be foreign investment corporation of which the operating company prohibits the transactions for the purpose of benefiting itself or third party and transactions fail to protect investors or are detrimental to the propriety of assets of investment corporation.
- (k) The specified method of purchase in the countries or regions where setting or establishment has been done for the reselling from the investors shall be made clear.
- (l) Description of foreign investment trust beneficiary certificates or the foreign investment corporation shall be disclosed to the investors and the supervisory government agency in the countries or regions where setting or establishment has been done.

Provided, however, that this shall not apply to cases where disclosure is made under the FIEA.

- (m) It shall be audited by an independent auditor regarding the financial statements of the Foreign Investment Trust or the Foreign Investment Corporation
- (n) In the event that the amount calculated by a reasonable method determined in advance by the operating company or the investment management company as the amount corresponding to the risk that may arise due to fluctuations in interest rates, currency prices, quotations in financial

instruments markets, or other indices, or for any other reasons, exceeds the net assets, derivative transactions, etc. (meaning “Derivative Transactions, etc.” as prescribed in Article 17 of the Rules; the same shall apply hereinafter) shall not be conducted.

Provided, however, in cases where the relevant risks that may arise in relation to Derivative Transactions, etc. can be properly ascertained, such as by being able to obtain the daily base value of the Investment Trust Property of the relevant foreign investment trust or the investment assets of the relevant foreign investment corporation, the application of this item to cases where Derivative Transactions, etc. are properly managed in domestic investment trust securities in accordance with Article 17 of the Rules may be optional.

- (o) Transactions which would be contrary to the reasonable methods specified in advance by the operating company or the management company as a method for properly managing Credit Risk (meaning the risk which may occur with respect to owned securities or other assets due to default of the counterparty of the transaction or for any other reason. ) shall not be conducted.

Provided, however, that if the exposure in such foreign investment trust securities can be looked through, the operation of this item in the case where Credit Risk is properly managed in domestic investment trust securities in accordance with Article 17-2 and 17-3 of the Rules shall be optional.

#### Article 3-2 Exception to Restrictions on Incorporation of Investment Trust Securities

The Investment Trust Securities specified in the By-laws as prescribed in Article 12, Paragraph 2 of the Rules shall be as follows:

- (1) Certificates which are listed, etc. on Financial Instruments Exchange Market (meaning a financial instruments market as defined in Article 2, Paragraph 17 of the FIEA) or a Foreign Market, and is available for sale at any time on such exchange market (except for a temporary decline in liquidity due to sudden market change, etc.)
- (2) Securities which become to be categorized as Investment Trust Securities through conversion, etc. of shares, etc. already incorporated in the Investment Trust Property

#### Article 3-3 Requirements for Beneficiary Certificates, etc. of Beneficiary Certificate Issuing Trusts

Those which satisfy the requirements provided in the By-laws as prescribed in Article 22, Paragraph 1, Item 2 (e) of the Rules shall satisfy the requirements listed in the following items:

- (1) Prices are published and can be measured at market value.
- (2) The status of operations at the time of settlement of accounts is disclosed, and such information is available.

#### Article 4 Limitation on Borrowing of Funds, etc.

The limit to be provided in the By-laws as prescribed in Article 15, Paragraph 1, Item 9 of the Rules shall be the period and limit to be provided in each of the following items:

- (1) When borrowing for the purpose of providing funds for payment of early cancellation charges of the Investment Trust Property (including repayment of funds borrowed for payment of early cancellation

charges), the period until the date of delivery of the sale proceeds of securities, etc. (meaning securities and financial instruments; the same shall apply hereinafter ) held in the Investment Trust Property from the date of payment of early cancellation charges to the customer at the time of cancellation of the investment trust until the date of deposit of early cancellation charges of the securities, etc., or until the date of deposit of redemption money of securities, etc. shall be five business days or less; the total amount of the proceeds from the sale, early cancellation, and redemption of such securities, etc. shall be the limit of the balance of borrowings.

- (2) When borrowing for the purpose of providing funds to meet the payment of dividends for dividend reinvestment-type Investment Trusts, the limit on the outstanding balance shall be the amount of reinvestment of dividends, within a period from the dividend payment date to the next business day.
- (3) When borrowing for the purpose of providing funds in connection with accident handling (limited to those which do not cause the Investment Trust Property to bear the borrowing interest) this shall be borrowings for unavoidable accident handling which are considered to contribute primarily to investors, and the borrowing in this case shall be the borrowing period and the borrowing limit within the scope necessary for accident handling of the Investment Trust Property. Examples of such loans are as follows:
  - (a) In the event that the proceeds of sale of an incorporated investment trust are expected to be deposited in the payment of the purchase price of another brand in the reclassification of any issue of a fund of funds, borrowings for the purpose of making any financing incidental to delay in receipt of such proceeds of sale
  - (b) In the event that the payment of dividend from an incorporated investment trust is expected to be deposited in the payment of dividend for a fund of funds, borrowings for the purpose of making any financing incidental to the delay in receipt of such dividend
  - (c) In the event that the amount of margins received is expected to be funded on that day, borrowing for the purpose of making any financing incidental to the delay in receipt of such margins

#### Article 5 Maximum Amount of Foreign Exchange Purchase Reservation, etc. for Investment Trusts for the Purpose of Hedging

1. The acquisition price of assets denominated in foreign currencies and other money, etc. provided for in the By-laws as prescribed in Article 16, Item 1 of the Rules shall be as follows:
  - (1) Proceeds from foreign currency-denominated assets invested in Trust Property (including planned acquisitions)
  - (2) Money necessary for conducting transactions such as margin money and option fees denominated in foreign currencies pertaining to Derivative Transactions, etc. conducted in Trust Property (Derivative Transactions, etc. prescribed in Article 17 of the Rules)
  - (3) Expenses to be paid in foreign currency for Trust Property
  - (4) Settlement price for sales reservations
2. The maximum amount to be set forth in the By-laws as provided in Article 16, Item 1 of the Rules shall be the amount obtained by deducting the total market value of assets denominated in foreign currencies held by such Trust Property from the amount available for incorporation of assets denominated in foreign currencies

in the Trust Property at the time of execution of the reservation. However, any reservation for which a reversing trade contract has been executed (for which the currency and delivery date are the same) shall be deducted from the balance of the reservation.

Article 6      Maximum Amount of Foreign Exchange Selling Reservation, etc. for Investment Trusts for the Purpose of Hedging

1. The held assets denominated in foreign currencies and other money, etc. set forth in the By-laws as provided in Article 16, Item 2 of the Rules shall be as follows:
  - (1) Foreign currency-denominated assets held in Trust Property (including those for which acquisition is certain)
  - (2) Money to be received by the Trust Property such as interest and dividends, etc. pertaining to assets denominated in foreign currencies held by the Trust Property during the trust period (including those scheduled to be received)
  - (3) Settlement amount for purchase reservation
2. The maximum amount to be set forth in the By-laws as provided in Article 16, Item 2 of the Rules shall be the total amount of the market value of assets denominated in foreign currencies held by the Trust Property at the time of execution of the reservation plus interest and dividends, etc. that such Trust Property is expected to receive during the trust period. However, any reservation for which a reversing trade contract has been executed (for which the currency and delivery date are the same) shall be deducted from the balance of the reservation.
3. When calculating the total market value of assets denominated in foreign currencies prescribed in the preceding paragraph, bonds to be redeemed during the trust period may be calculated with the redemption amount in lieu of the market value of such bonds.

Article 6-2      Method of Investment Restrictions for Derivative Transactions, etc.

The methods to be specified in the By-laws as prescribed in Article 17, Paragraph 2 of the Rules shall be as follows.

- (1) Simplified method
- (2) Standard method
- (3) VaR method

Article 7      Investment Trusts Utilizing Derivative Transactions, etc. for Hedging Purposes

The investment trusts specified in the By-laws as prescribed in Article 18, Paragraph 2 of the Rules shall be the following investment trusts:

- (1) Long-Term Bond Investment Trust (meaning the long-term bond investment trust established in 1961)
- (2) Medium-Term Government Bond Funds
- (3) Asset Accumulation Funds
- (4) Interest Funds
- (5) Free Financial Funds

## (6) Asset Accumulation Benefit Funds

### Article 8 Other Requirements Specified in Article 22, Paragraph 1, Item 6 of the Rules

The requirements specified in the By-laws as prescribed in Article 22, Paragraph 1, Item 6 of the Rules shall be as follows:

- (1) Mutual or circular holding among investment trusts shall not be conducted.
- (2) A fund of funds must not be invested in (excluding when said fund of funds is an investment trust as defined in Article 12, Item 1 and 2 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and mother fund (including foreign investment trusts that are similar to these)).
- (3) The amount that a single Management Company (including securities investment corporations to which the said Management Company provides investment instructions) may invest in a single investment trust security shall not exceed 50% of the total net asset value of the Investment Trust or Investment Corporation being invested in without the consent of the Management Company that is providing investment instructions to the Investment Trust or Investment Corporation associated with the investment trust security being invested in.

#### Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

#### Supplementary Provision

This amendment shall come into effect on May 25, 2004.

#### Supplementary Provision

This amendment shall come into effect on June 9, 2005.

#### Supplementary Provisions

1. This amendment shall come into effect on May 24, 2006.
2. The audit provided for in Article 2, Item 2 of the revised Act shall include the audit conducted in accordance with the former Act on Special Provisions on the Commercial Code Concerning Audits of Stock Companies (Act No. 22 of 1974) with respect to companies that actually existed at the time of the enforcement of the Companies Act.

#### Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on February 17, 2011.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Article 6-2 has been newly established.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

However, the provisions of Article 3, Item 2, (o) shall not apply to investment trusts existing at the time of revision of these By-laws until the day on which five years have passed from the effective date. This shall not apply to cases in which reasonable methods prescribed in said article have been set forth for such Investment Trusts.

\* The amended provisions are as follows:

Article 3, Item 2 (n) and (o) have been newly established.

This amendment shall come into effect on March 1, 2015.

\* The amended provisions are as follows:

Article 1-3, Item 2, and Article 1-5, Paragraph 1, Items 1 and 2 have been revised.

Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

The introductory clause in Article 3 has been revised.

Supplementary Provisions

This amendment shall come into effect on June 13, 2018.

\* The amended provisions are as follows:

Article 4, Item 3 has been newly established.

### Supplementary Provisions

This amendment shall come into effect on January 1, 2022.

\* The amended provisions are as follows:

Article 1-2 has been newly established. The former Articles 2-1 through 2-6 have been shifted to Articles 2-2 through 2-7.

## Committee Resolutions concerning Management of Investment Trusts, etc.

Established on March 19, 2004  
Revised on March 9, 2006  
Revised on July 10, 2008  
Revised on September 19, 2008  
Revised on July 17, 2014

Based on the Rules on Management of Investment Trusts, etc., (hereinafter referred to as the “Rules”) this committee resolution prescribes the matters entrusted to the Self-regulation Committee.

1. The shares specified by the Self-regulation Committee stipulated in Item 2 of Article 11 of the Rules shall be the following shares:

- (1) Pink Sheet Stocks in U.S.A.
- (2) OTC Bulletin Board Stocks in U.S.A.

2. The countries specified by the Self-regulation Committee stipulated in Article 17-2, Paragraph 2, Item 1 of the Rules shall be the following countries (including regions): In such countries, efforts shall be made to develop internal administrative systems to enable appropriate response to changes in the environment, etc.

- (1) Japan
- (2) Ireland
- (3) United States of America
- (4) The Republic of Italy
- (5) The Commonwealth of Australia
- (6) The Republic of Austria
- (7) Kingdom of the Netherlands
- (8) Canada
- (9) United Kingdom of Great Britain and Northern Ireland
- (10) The Republic of Singapore
- (11) Swiss Confederation
- (12) Kingdom of Sweden
- (13) Spain
- (14) Kingdom of Denmark
- (15) Federal Republic of Germany
- (16) New Zealand
- (17) Kingdom of Norway
- (18) Republic of Finland
- (19) Republic of France
- (20) Kingdom of Belgium
- (21) The Portuguese Republic



(22) The Grand Duchy of Luxembourg

(23) Hong Kong Special Administrative Region

Supplementary Provision

This Sub-Committee resolution shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on March 9, 2006.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

However, this shall not apply to investment trusts already in existence at the time the amendment of this committee resolution comes into effect for the first five years after the effective date thereof. This shall not apply to cases where reasonable methods as stipulated in Articles 17-2 and 17-3 of the Rules are provided for such investment trusts.

\* The amended provisions are as follows:

Paragraph 2 has been newly established.

# Rules for Operations of MMF, etc.

Established on March 19, 2004  
Revised on July 16, 2004  
Revised on November 19, 2004  
Revised on March 18, 2005  
Revised on May 24, 2006  
Revised on June 19, 2006  
Revised on September 21, 2007  
Revised on November 16, 2007  
Revised on December 21, 2007  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on October 14, 2010  
Revised on December 20, 2012  
Revised on July 21, 2016

## Chapter 1: General Provisions

### Article 1 Purpose

These Rules stipulate the matters concerning operation, valuation of incorporated assets and sales, etc., of money management funds (hereinafter referred to as “MMF”) and the bond investment trust prescribed in Article 25, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Order of the Prime Minister’s Office No. 129, of 2000) (limited to those for which the accounting period is one day), which are acquired or held for an individual who is substantially a natural person and has beneficial interests for the purpose of paying or receiving money in the purchase and sale of Securities or in any other transactions between a Right Holder and a Financial Instruments Business Operator, etc. (hereinafter referred to as “MRF”) (Even if it has been acquired or held by corporations, any funds are included if an individual who is substantially a natural person makes investment judgement on acquirement/partial cancellation thereof.) The Rules aim to bring about a stable operation of MMF and MRF (hereinafter referred to as “MMF, etc.”), thereby protecting investors.

## Chapter 2: Special Provisions for MMF

### Article 2 MMF Investment Targets

1. Securities which MMF may invest in shall be the following securities:

- (1) National government bonds
- (2) Municipal bonds
- (3) Bonds issued by a corporation under special laws
- (4) Specified corporate bonds prescribed in the Act on the Securitization of Assets (Act No. 105 of 1998) (excluding specified corporate bonds with warrants for new preferred equity and convertible specified corporate bonds in cases where the Asset Securitization Plan does not stipulate that only the warrants for new preferred equity may be transferred.)
- (5) Corporate bonds (excluding corporate bonds with stock warrants, which are a combination of a warrant certificate and a corporate bond, and limited to corporate bonds with stock options, which are specified in

advance that assets stipulated in Article 236, Paragraph 1, Item 3 of the Companies Act (Act No. 86 of 2005) are the corporate bonds with said stock options and such corporate bonds stock options cannot exist independently (including corporate bonds with stock options stipulated in Article 341-3, Paragraph 1, Items 7 and 8 of the Old Commercial Code prior to the enforcement of the Companies Act), and convertible corporate bonds.)

- (6) Commercial Papers (hereinafter referred to as “CP”)
  - (7) Securities or certificates issued by foreign countries or foreign persons that have the characteristics of the securities described in above 6 items.
  - (8) Securities or certificates issued by foreign persons that indicate the beneficiary rights or similar rights of a trust that entrusts the loan claims held by persons engaged in banking business or persons otherwise who lends money as a business (hereinafter referred to as “Foreign Loan Trust Beneficiary Securities”)
  - (9) Certificates of Negotiable Deposit issued by a foreign corporation (hereinafter referred to as “Foreign CD”)
  - (10) Beneficial Interest of Monetary Claims Trust (among beneficiary certificates of trust issuing beneficiary certificates as stipulated in Article 2, Paragraph 1, Item 14 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”) and beneficiary rights of trust as stipulated in Article 2, Paragraph 2, Item 1 of the said Act, refer to a beneficial interest of a trust in which monetary claims of a bank, cooperative structured financial institution defined in Article 2, Paragraph 1 of the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions (Act No. 44 of 1993), and financial institutions listed in the items of Article 1-9 of the Order for Enforcement of the FIEA (Order No. 321 of 1965), or a trust company is entrusted (limited to a trust in which the beneficiary at the time of conclusion of the contract for the trust is the settlor ), and securities or certificates issued by foreign countries or foreign persons which have the same characteristics, or which have the same characteristics of rights to foreign persons.)
  - (11) Designated money trust (meaning the beneficiary rights of a money trust with a contract to replenish the principal as stipulated in Article 22, Paragraph 1, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations and with the characteristics of beneficiary certificates of a trust issuing beneficiary certificates as stipulated in Article 2, Paragraph 1, Item 14 of the FIEA or the characteristics of beneficiary rights of a trust as stipulated in Paragraph 2, Item 1 of the same article ; the same shall apply hereinafter)
2. In addition to the securities stipulated in the preceding paragraph, the assets which the MMF may invest in shall be the following assets (hereinafter referred to as “Financial Instruments”):
- (1) Deposits
  - (2) Call Loans
  - (3) Bills to be sold in the bill discount market (hereinafter referred to as “Discounted Bills.”)
3. Transactions for which investment instructions may be given on MMF shall be as follows:
- (1) Loans of securities
  - (2) Bond lending transactions
  - (3) Repurchase agreement

- (4) Borrowing of funds (limited to borrowing of funds for payment of cancellation fees or payment of distributions)
  - (5) Derivative Transactions, etc., stipulated in Article 18, Paragraph 1 of the Rules on Management of Investment Trusts, etc. (limited to cases where such transactions are used for the purpose of hedging)
4. Borrowing of funds specified in Item 4 of the preceding paragraph shall be allowed to be made within the maximum amount, etc. stipulated in the By-laws.

\* Article 2 of the By-laws

### Article 3 Scope of Incorporated Securities, etc.

1. The scope of securities which MMF may incorporate shall be the following securities among the securities stipulated in Paragraph 1 of the preceding article:
- (1) Japanese government bonds, government guaranteed bonds and bonds issued by the Bank of Japan (hereinafter referred to as “Government Bonds, etc.”)
  - (2) Securities other than the securities stipulated in the preceding item which at the time of acquisition have received short-term credit ratings equal to or higher than P-2 or A-2 or long-term credit ratings equal to or higher than BBB Flat or Baa2 from two or more credit rating agencies, etc. (meaning the credit rating agencies stipulated in Article 2, Paragraph 36 of the FIEA and specified affiliated corporations stipulated in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance on Financial Instruments Business, etc. The same shall apply hereinafter. )
  - (3) Among securities other than those stipulated in the preceding two items for which credit ratings have been obtained from only one credit rating agency, etc., or for which credit ratings have not been obtained from any credit rating agency, etc., which the investment trust management company (meaning the investment trust management company stipulated in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) and hereinafter referred to as the “Management Company” ) have deemed as having the same creditworthiness as those specified in the previous item based on the financial condition of the issuer at the time of acquisition.
2. The scope of Financial Instruments which MMF may incorporate shall be the following Financial Instruments among the Financial Instruments stipulated in Paragraph 2 of the preceding article:
- (1) Financial Instruments stipulated in each item of Paragraph 2 of the preceding article collateralized with securities stipulated in Item 1 of the preceding paragraph or those guaranteed by the Japanese government or the Bank of Japan.
  - (2) Financial Instruments other than those specified in the preceding item that fall under any of the following sub-items:
    - (a) Those with short-term credit ratings equal to or higher than P-2 or A-2 or long-term credit ratings equal to or higher than BBB Flat or Baa2 from two or more credit rating agencies, etc., at the time of acquisition.
    - (b) Among the Financial Instruments other than those stipulated in sub-item (a) those which have obtained credit ratings from only one credit rating agency, etc., or for which credit ratings have not been obtained from a credit rating agency, etc., which the Management Company have deemed as

having the same creditworthiness as those specified in sub-item (a), based on the financial condition of the issuer at the time of acquisition.

#### Article 4 Scope of Transactions That Can Receive Investment Instructions

The transactions stipulated in Article 2, Paragraph 3 shall be conducted within the scope of business partners or transactions stipulated in the respective items: However, this shall not apply to transactions secured by Japanese Government Bonds, etc., or transactions guaranteed by the government or the Bank of Japan.

(1) Loans of securities shall be made to persons who fall under any of the following:

(a) Those who have received short-term credit ratings equal to or higher than P-2 or A-2 or long-term credit ratings equal to or higher than BBB Flat or Baa2 by two or more credit rating agencies, etc.

(b) Those who have received credit ratings from only one credit rating agency, etc. or who have not received credit ratings from credit rating agencies, etc., and which the Management Company have deemed as having the same creditworthiness as those specified in sub-item (a), based on the financial condition of the issuer at the time of acquisition.

(2) For bond lending transactions, the bonds subject to such transactions fall under any of the securities stipulated in Paragraph 1 of the preceding article or transactions with a person who falls under either sub-item (a) or sub-item (b) stipulated in the preceding item.

(3) A repurchase agreement is one in which the securities or Financial Instruments subject to such transactions fall under any of the securities or Financial Instruments stipulated in Paragraph 1 or 2 of the preceding article, or transactions with a person who falls under either sub-item (a) or sub-item (b) stipulated in Item 1.

#### Article 4-2 Considerations regarding Rating Criteria

Considering that the rating criteria stipulated in the preceding two articles and the ratings of assets held in accordance with these provisions are only a portion of the factors for determining the creditworthiness of the subject of the rating, the credit rating agency shall refrain from making any mechanical use thereof and shall appropriately manage the creditworthiness and other matters in-house, taking into consideration of comprehensive factors including factors other than the ratings.

#### Article 5 Remaining Maturity of Incorporated Assets

The period from the date of delivery to the date of redemption or maturity (hereinafter referred to as “Remaining Maturity”) for any assets incorporated into MMF shall not exceed one year.

#### Article 6 Investment Restrictions

1. Securities issued by the same corporation, etc. (meaning securities stipulated in Article 3, Paragraph 1 (excluding securities stipulated in Item 1) and Financial Instruments stipulated in Paragraph 2 of the same article (excluding Financial Instruments stipulated in Item 1); hereinafter the same shall apply in this article) Alternatively, investment in securities, etc., handled shall be within the scope of the following amounts:

(1) Among securities, etc. which have received short-term credit ratings equal to or higher than P-1 or A-1 or

long-term credit ratings equal to or higher than A3 or A- from two or more credit rating agencies, or which have not received credit ratings from credit rating agencies, etc., the securities etc., which the Management Company have deemed to have the same creditworthiness as the said credit ratings shall be within 5% of the total net assets of such investment trust property (hereinafter referred to as the “Total Net Assets”) at the time of acquisition of such securities, etc.

- (2) The amount of securities, etc. other than those stipulated in the preceding item shall be within 1% of the Total Net Assets at the time of acquisition of such securities, etc.
2. Of the securities, etc., stipulated in Item 1 of the preceding paragraph, investment in securities, etc. issued by the same bank shall be within 10% of the Total Net Assets at the time of acquisition, notwithstanding the provisions of Item 1 of the preceding paragraph. Provided, that the amount of securities, etc., other than CP, short-term company bonds, etc., (meaning short-term company bonds as stipulated in Article 66, Item 1 of the Act on Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001), short-term company bonds as stipulated in Article 61-10, Paragraph 1 of the Insurance Business Act, specified short-term company bonds as stipulated in Article 2, Paragraph 8 of the Act on Securitization of Assets, short-term bonds as stipulated in Article 54-4, Paragraph 1 of the Shinkin Bank Act, short-term agricultural and forestry bonds stipulated in Article 62-2, Paragraph 1 of the Norinchukin Bank Act, and short-term foreign bonds stipulated in Article 38, Paragraph 2 of the Order on Supervision of General Transfer Agencies), CD, call loans, Discounted Bills and deposits shall be within 5% of the Total Net Assets.
3. The total amount of investment in securities, etc. as stipulated in Paragraph 1, Item 2 shall be within 10% of the Total Net Assets at the time of acquisition of such securities, etc.
- 4 Notwithstanding the provisions of Paragraphs 1 through 3, the total amount incorporated for the same trading partner shall be no more than 25% of the Total Net Assets for call loans with a trading period of no more than five business days (excluding call transactions secured by Government Bonds, etc.)
5. Assets which may be incorporated in the investment trust property shall be limited to those which are contracted and settled in Japanese Yen.
6. The Management Company shall not incorporate bonds for which market value is not available.
7. The Management Company shall not incorporate securitization related products and structured bonds, etc. for which redemption amount, etc. is uncertain at the time of acquisition, as specified in the By-laws.

\* Article 3 of the By-laws

#### Article 7 Average Remaining Maturity of Incorporated Assets

The average Remaining Maturity of the WAL method for the assets incorporated in the MMF (the period calculated in accordance with the By-laws.) shall not exceed 90 days.

However, the average Remaining Maturity for the WAM method (the period calculated in accordance with the By-laws) shall not exceed 60 days.

\* Article 4, Article 4-2 of the By-laws

\* Committee Resolution 1

#### Article 8 Deleted

Article 9 Deleted

Article 10 Deleted

Article 11 Deleted

Article 12 Deleted

Article 13 Valuation of Incorporated Bonds, etc.

1. As a general rule, the value of incorporated bonds shall be valued based on the market value, and the market value shall be the value adopted from one of the following values by the Management Company for each issue of the incorporated bond.

- (1) Reference statistics (average value) for OTC trading published by the Japan Securities Dealers Association.
- (2) Financial Instruments Business Operator, etc. (Type I Financial Instruments Business Operator (meaning a person engaged in financial instruments business as stipulated in Article 28, Paragraph 1 of the FIEA; the same shall apply hereinafter ) and a person who resembles a corporation established in accordance with foreign laws and regulations (excluding the selling price) presented by banks, etc.)
- (3) Value provided by price information companies

2. Other securities, etc. shall be valued according to the Rules Concerning Valuation and Accounting of Investment Trust Properties.

Article 14 Valuation by Amortized Cost Method

1. The following bonds may be valued using the amortized cost method:

- (1) The following bonds with Remaining Maturity of not more than one year:
  - (a) Government Bonds, etc.
  - (b) Bonds with short-term credit ratings equal to or higher than A-2 or P-2 or long-term credit ratings equal to or higher than A3 or A- obtained from credit rating agencies, etc.
  - (c) Those which the Management Company have deemed to have the same creditworthiness as that stipulated in sub-item (b) based on the financial condition of the issuer.

2. The amortized cost method stipulated in the preceding paragraph shall, assuming the book value obtained on the day that the bond purchase was entered or the one obtained on the previous date of the previous year's corresponding date of the resumption day (If the corresponding date falls on public holidays, the business date after the holiday) as the acquisition values, values the bonds by calculating the difference between the book value and redemption value (As for discounted bonds, the price including tax (The price including the amount of taxes withheld to the nominal value.) ;the same shall apply hereinafter in Article 27) and prorate the difference on a daily basis through the duration and adding or subtracting the prorated difference on the book value.

The added or subtracted value shall be included in trading profit or loss.

3. In the event that there is a substantial discrepancy between the market value and the appraised value of bonds valued by the amortized cost method due to the reduction in the rating, etc., and if the total amount of discrepancy between the market value and the appraised value exceeds 25 basis points of the Total Net Assets, such discrepancy shall be reported to the Board of Directors, etc. of the Management Company. In addition, if the total amount of such discrepancy exceeds 50 basis points of the Total Net Assets, the Management Company shall, in consultation with the audit corporation or a certified accountant, start appropriate measures and report it to the supervisory authorities.

#### Article 15 Matters Regarding Sales

1. The Management Company shall consult with the companies selling such investment trusts, such as Type I Financial Instruments Business Operators and registered financial institutions, etc. (hereinafter referred to as the “Sales Company”) and strive to observe the following matters:
  - (1) Strive to sell MMF mainly to individual investors.
  - (2) At the time of selling to large volume applicants, the company shall fully explain the importance of funds management for MMF, and shall receive notice from the vendors no less than four business days prior to the contract date of any cancellation exceeding a certain amount when handling cancellation requests from large volume customers.
  - (3) The Management Company shall appropriately manage funds in cooperation with the Sales Company according to the liquidity needs of the beneficiary.
2. The Management Company shall determine the daily cancellation acceptance limit of the customer and the fixed amount specified in Item 2 of the preceding paragraph in consultation with the Sales Company.

#### Article 16 Matters regarding Disclosure

1. The Management Company shall prepare investment reports on MMF based on the Rules for investment reports, etc., for investment trusts and investment corporations (hereinafter referred to as the “Rules for Investment Management Reports”). In this case, the Management Company shall disclose such matters in an easy-to-understand and careful manner as much as possible in such ways as indicating unclear issues for structured bonds.
2. The Management Company shall prepare a monthly report based on the Rules for Investment Management Reports at least once a month and make it available to the beneficiaries by any of the following methods:
  - (1) Posting on the website of the said Management Company
  - (2) Storefront of the Sales Company

\* Article 13 of the Rules for Investment Management Reports

#### Article 16-2 Matters regarding Liquidity

For the purpose of securing liquidity in the operation of MMF, the Management Company shall hold no less than 30% of the Total Net Assets of such MMF with respect to Japanese government bonds, government guaranteed bonds with a Remaining Maturity of not more than 60 days, credits issued by the Bank of Japan and



other investment target assets with maturity of not more than five business days, and shall confirm the contents of such investment target assets within approximately five business days.

#### Article 16-3 Matters to Be Stated concerning Partial Cancellation in Basic Terms and Conditions of Investment Trust

In order to respond to sudden changes in the market in the operation of MMF, etc., the Management Company shall state matters concerning “partial cancellation of investment trust contract” in the investment trust contract of MMF by referring to the following words:

“When there are other unavoidable circumstances such as suspension of transactions in the financial instruments exchange (meaning the market where the purchase and sale of securities or transactions under Article 28, Paragraph 8, Item 3 or Item 5 of the Financial Instruments and Exchange Act are conducted and in which such market is established among the financial instruments exchanges as stipulated in Article 2, Paragraph 16 of the Financial Instruments and Exchange Act, and the foreign financial instruments markets stipulated in Article 2, Paragraph 8, Item 3 (b) of the Financial Instruments and Exchange Act), the settlor may suspend the acceptance of the request under Paragraph ○ (and may cancel any claims already accepted). ”

The above “other unavoidable circumstances” shall include cases where the fairness cannot be guaranteed for the beneficiary due to suspension of the settlement function, unexpected cancellation, etc.

#### Article 16-4 Conducting Stress Tests, etc.

The Management Company shall conduct stress tests at a frequency of once every quarter, and if any specific vulnerability (credit risk, market risk, liquidity risk, etc.) is discovered as a result of the stress test, take appropriate measures such as implementing measures to eliminate such vulnerability.

#### Article 17 Establishment of Internal Rules

1. The Management Company shall establish guidelines for the following matters and appropriately respond thereto:
  - (1) Guidelines in the case where the Management Company deems to have the same creditworthiness as the securities defined in Article 3, Paragraph 1, Item 2, which is stipulated in Item 3 of the same paragraph, and where the Management Company deems to have the same creditworthiness as the Financial Instruments defined in Article 3, Paragraph 2, Item 2 (a), which is stipulated in Item 2 (b) of the same paragraph
  - (2) Guidelines for cases where the rating criteria stipulated in Article 3 are no longer met
  - (3) Guidelines for when a significant discrepancy as stipulated in Article 14, Paragraph 3 is determined
2. When creating the guidelines stipulated in Item 1 of the preceding paragraph, the Management Company shall stipulate the guidelines separately for each type of asset category.
3. In the event that the Management Company has established guidelines based on the provisions of Paragraph 1, it shall notify the Association of such guidelines.

#### Article 18 Miscellaneous Provisions

1. In the event of an urgent situation regarding MMF which is not stipulated in Chapter 2, measures shall be taken by a resolution of the Self-regulation Committee each time.
2. In the event that there are circumstances that temporarily make it difficult to comply with the provisions of Chapter 2 due to handling of payment to customers, the Management Company shall notify the Association to that effect and shall respond after receiving confirmation from the Association.

### Chapter 3: Special Provisions for MRF

#### Article 19 MRF Investment Targets, etc.

1. The securities which MRF may invest in shall be those listed below:
  - (1) National government bonds
  - (2) Municipal bonds
  - (3) Bonds issued by a corporation under special laws
  - (4) Specified corporate bonds stipulated in the Act on Securitization of Assets (excluding specified corporate bonds with subscription rights for new preferred equity and convertible specified corporate bonds in cases where the Asset Securitization Plan does not stipulate that only the subscription rights for new preferred equity may be transferred.)
  - (5) Corporate bonds (excluding corporate bonds with stock subscription rights which are a combination of stock subscription rights securities and corporate bonds, corporate bonds with stock options, and convertible corporate bonds.)
  - (6) CP
  - (7) Securities issued by a foreign country or foreign corporation which have the characteristics of the securities stipulated in Item 6 above.
  - (8) Foreign Loan Trust Beneficiary Securities
  - (9) Foreign CD
  - (10) Loan trust beneficiary rights
  - (11) Designated money trusts
2. The provisions of Article 2, Paragraph 2 shall apply mutatis mutandis to the Financial Instruments in which MRF may invest. In this case, the term “MMF” in the same paragraph shall be replaced with “MRF.”
3. The transactions for which investment instructions may be given on MRF shall be as follows:
  - (1) Loans of securities
  - (2) Bond lending transactions
  - (3) Repurchase agreement
  - (4) Borrowing of funds
4. The borrowing of funds as stipulated in Item 4 of the preceding paragraph shall be allowed within the maximum amount specified by the By-laws.

\* Article 2 of the By-laws

#### Article 20 Scope of Securities, etc. to Be Incorporated

1. The scope of securities that can be incorporated into MRF shall be the following securities among the securities stipulated in Paragraph 1 of the preceding article:
  - (1) Japanese government bonds, government guaranteed bonds and bonds issued by the Bank of Japan
  - (2) Securities other than those stipulated in the preceding item, which have received long-term credit ratings equal to or higher than A- or short-term credit ratings equal to or higher than A-2 from one or more credit rating agencies, etc.
  - (3) Among securities other than the securities stipulated in the preceding two items which have not received credit ratings from credit rating agencies, etc., those which the Management Company have deemed to have the same creditworthiness as those specified in the preceding item based on the financial condition of the issuer.
2. The scope of Financial Instruments which MRF may incorporate shall be the following Financial Instruments among the ones prescribed in Article 2, Paragraph 2 as applied mutatis mutandis pursuant to Paragraph 2 of the preceding article:
  - (1) Financial Instruments stipulated in each item of Article 2, Paragraph 2, that have been deposited with collateral or any other assets from the other party to the transaction.
  - (2) Financial Instruments other than those specified in the preceding item that fall under any of the following sub-items:
    - (a) Those with long-term credit ratings equal to or higher than A- or short-term credit ratings equal to or higher than A-2 from one or more credit rating agencies, etc.
    - (b) Among securities which have not received a credit rating from credit rating agencies, etc., but those which the Management Company has deemed to have the same creditworthiness as those specified in sub-item (a) based on the financial condition, etc. of the issuer.

#### Article 21 Scope of Transactions That Can Receive Investment Instructions

The transactions stipulated in Article 19, Paragraph 3 shall be conducted within the scope of the following business partners or transactions:

- (1) Loans of securities shall be made to persons who fall under any of the following:
  - (a) Those with long-term credit ratings equal to or higher than A- or short-term credit ratings equal to or higher than A-2 from one or more credit rating agencies, etc.
  - (b) Those who have not received a credit rating from credit rating agencies, etc., but who are recognized by the Management Company as having the same creditworthiness as the persons specified in sub-item (a) based on their financial condition thereof
- (2) In bond lending transactions, the bond certificate subject to such transactions shall fall under any of the securities stipulated in Article 20, Paragraph 1.
- (3) As for the repurchase agreement, the securities and Financial Instruments subject to such transactions fall under any of the securities or Financial Instruments stipulated in Article 20, Paragraph 1 or 2.

#### Article 21-2 Considerations regarding Rating Criteria

Considering that the rating criteria stipulated in the preceding two articles and the ratings of assets held in

accordance with these provisions are only a part of the factors for determining the creditworthiness of the subject of the rating, the credit rating agencies shall refrain from making any mechanical use thereof and shall appropriately manage the creditworthiness and other matters in-house, taking into consideration comprehensive factors including factors other than credit ratings.

## Article 22 Investment Restrictions

1. Among Securities, etc. (meaning securities as stipulated in Article 20, Paragraph 1 (including bonds subject to repurchase agreement and loaned bond pertaining to bond lending transactions) and Financial Instruments stipulated in Paragraph 2 of the same article (including Financial Instruments subject to repurchase agreement.)); hereinafter the same shall apply in this article ), the amount of investment in securities, etc. other than those with long-term credit ratings equal to or higher than AA- or short-term credit ratings equal to or higher than A-1 from two or more credit rating agencies, etc., and those that have not received credit ratings from credit rating agencies, etc., but deemed by the Management Company as having the same creditworthiness, shall be within 5% of the Total Net Assets.
2. The total amount of investment in Securities, etc. issued or handled by the same corporation, etc. shall be within the following amounts:
  - (1) The amount of securities with long-term credit ratings equal to or higher than AA- or short-term credit ratings equal to or higher than A-1 from two or more credit rating agencies, etc., or of those that have not received credit ratings from credit rating agencies, etc., but deemed by the Management Company as having the same creditworthiness shall be within 5% of the Total Net Assets.
  - (2) The amount of Securities, etc. other than those stipulated in the preceding item shall be within 1% of the Total Net Assets.
3. The provisions of the preceding two paragraphs shall not apply to securities stipulated in Article 20, Paragraph 1, Item 1.
4. Notwithstanding the provisions of Paragraphs 1 and 2, the provisions of Article 6, Paragraph 4 shall apply to call loans with a transaction period of five business days or less. However, Paragraph 1 and Paragraph 2 shall not apply to a call loan with a transaction period of five business days or less and for which collateral or other assets have been deposited by the other party to the transaction.
5. Assets which may be incorporated in the investment trust property shall be limited to those which are contracted and settled in Japanese yen.
6. No instruction shall be made on investment in securities issued through private placements (meaning private placements as stipulated in Article 2, Paragraph 3 of the FIEA.) (excluding short-term corporate bonds, etc. (meaning short-term corporate bonds as stipulated in Article 66, Item 1 of the Act on Transfer of Company Bonds, Shares, etc., short-term corporate bonds as stipulated in Article 61-10, Paragraph 1 of the Insurance Business Act, specified short-term corporate bonds as stipulated in Article 2, Paragraph 8 of the Act on Securitization of Assets, short-term bonds as stipulated in Article 54-4, Paragraph 1 of the Shinkin Bank Act, short-term agricultural and forestry bonds as stipulated in Article 62-2, Paragraph 1 of the Norinchukin Bank Act, and short-term foreign bonds as stipulated in Article 38, Paragraph 2 of the Order on Supervision of General Transfer Agencies.)), in securitization related products and structured bonds, etc. whose redemption

amount, etc., is uncertain at the time of acquisition, as stipulated in the By-laws, and on investment management through derivatives such as futures contract involving securities and financial futures trading, etc.

7. No short sale of bonds by the investment trust property shall be made.

#### Article 23 Remaining Maturity of Assets Incorporated in the Investment Trust Property

1. The Remaining Maturity of single Securities, etc., (excluding deposits (other than CD)) to be incorporated in the Investment Trust Property shall not exceed one year.
2. The Remaining Maturity of Securities, etc., concerning repurchase transactions or the transaction period of repurchase transactions and bond lending transactions shall not exceed one year.

#### Article 24 Average Remaining Maturity of Assets Incorporated in the Investment Trust

The provisions of Article 7 shall apply mutatis mutandis to the average Remaining Maturity of the MRF.

\* Article 4, Article 4-2 of the By-laws

\* Committee Resolution 1

#### Article 25 Other Restrictions

The period from the contract date (meaning the date the investment trust property is recorded) for the acquisition of securities to the delivery date shall not exceed 10 business days.

#### Article 26 Adjustments When the Investment Limit Ratio Is Exceeded

In the event the ratio specified in Article 22, Paragraph 1 and Paragraph 2, Items 1 and 2 is exceeded due to unavoidable circumstances, the Management Company shall make adjustments so that the ratio is brought within the scope of percentage within five business days including the business day on which the ratio is exceeded.

#### Article 27 Valuation of Bonds, etc. Incorporated into MRF

1. The provisions of Article 13, Article 14, Paragraphs 1 and 3 shall apply mutatis mutandis in this article.
2. The amortized cost method stipulated in Article 14, Paragraphs 1 and 3 as applied mutatis mutandis in the preceding paragraph shall value the bonds incorporated into MRF by calculating the difference between the acquisition price and the redemption price from the purchase settlement date and the day before the redemption date of the MRF incorporated the bonds, and prorating the difference on a daily basis through the duration, adding or subtracting the prorated price on or from the book value on a daily basis. The book value shall be used to value between acquisition date and the day before settlement date.
- 3 The CP incorporated by the MRF shall be valued at acquisition cost regardless of the provisions of the preceding paragraph, and the discount fee for the CP shall be recorded daily as interest income.

#### Article 27-2 Matters Regarding Sales

The Management Company shall appropriately manage funds in cooperation with the Sales Company

according to the liquidity needs of the beneficiary.

#### Article 27-3 Matters regarding Disclosure

The provisions of Article 16, Paragraph 2 shall apply mutatis mutandis to the monthly disclosure of the MRF.

#### Article 27-4 Matters regarding Liquidity

The provisions of Article 16-2 shall apply mutatis mutandis to matters regarding the liquidity of the MRF. In this case, the term “MMF” in the same article shall be replaced with “MRF”.

#### Article 27-5 Matters to Be Stated concerning Partial Cancellation in Basic Terms and Conditions of Investment Trust

The provisions of Article 16-3 shall apply mutatis mutandis to matters regarding partial cancellation as described in the investment trust contracts of the MRF. In this case, the term “MMF” in the same article shall be replaced with “MRF”.

#### Article 27-6 Conducting Stress Tests, etc.

The provisions of Article 16-4 shall apply mutatis mutandis to the implementation of MRF stress tests, etc.

### Chapter 4: Miscellaneous Provisions

#### Article 28 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Article 29 Others

Any matters regarding the operation of MMF, etc. not stipulated for in these Rules (excluding those provided for in Article 18.) may be stipulated by a resolution of the Board of Directors.

#### Article 30 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-regulation Committee shall promptly report to the Board of Directors any decision(s) made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

#### Supplementary Provisions

1. These Rules shall come into effect on April 1, 2004.
2. With regard to the application of provisory clause of the supplementary provisions 1 of the former council

resolution “Management of MMFs, etc.”, the provisions then in force shall remain applicable.

Supplementary Provision

This amendment shall come into effect on July 16, 2004.

Supplementary Provision

This amendment shall come into effect on November 19, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provisions

This amendment shall come into effect on September 30, 2007.

However, the revised Article 27-2 shall apply from the new accounting period to be started after the implementation date.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

Supplementary Provision

This amendment shall come into effect on December 21, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provisions

This amendment shall come into effect on January 16, 2009.

However, short-term commercial and industrial bonds stipulated in Article 38 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) shall be deemed to be short term corporate bonds, etc. stipulated in Article 9, Item 18.

Supplementary Provision

This amendment shall come into effect on January 1, 2011.

### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

### Supplementary Provisions

This amendment shall come into effect on December 1, 2016.

However, the amended Article 1 shall come into effect on December 1, 2017.

\* The amended provisions are as follows:

#### (1) Amendment

Article 1; Article 2, Paragraph 1, Item 11; Article 7; Article 14, Paragraph 3; Former Article 17, Paragraph 1, Item 3; Article 19, Paragraph 1, Item 4;

Article 22, Paragraphs 3 and 4 and Article 24.

#### (2) Newly established Articles

Article 4-2; Article 15, Paragraph 1, Item 3; Article 16-2; Article 16-3; Article 16-4; Article 21-2;

Article 27, Paragraph 1 (Former Paragraphs 1 and 2 have been deferred); Article 27-2 (Former Article 27-2 has been deferred), Article 27-4; Article 27-5; Article 27-6

#### (3) Deleted

Article 5, Paragraph 2; Article 6, Paragraph 4 (former Paragraphs 5 through 8 have been moved forward); Articles 8, 9, 10, and 11;

Article 12; Article 14, Paragraph 1, Item 2; Article 17, Paragraph 1, Item 2 (former Items 3 and 4 have been moved forward)



## By-laws on Rules for Operations of MMF, etc.

Established on March 19, 2004  
Revised on June 9, 2005  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on December 20, 2012  
Revised on July 21, 2016

### Article 1 Purpose

These By-laws set forth the necessary matters for the enforcement of the Rules for Operations of MMF, etc. (hereinafter referred to as the “Rules”).

### Article 2 Limitations on Borrowing Funds

The provisions in Article 4 of the By-laws on the Rules on Management of Investment Trusts, etc., shall apply to the maximum amount set forth in the By-laws as provided in Article 2, Paragraph 4 and Article 19, Paragraph 4 of the Rules. In this case, the phrase “five business days” regarding the date of deposit of securities, etc. in Article 4, Paragraph 1 of the By-laws shall be deemed to be replaced with “20 business days” for the maximum amount provided in Article 2, Paragraph 4 of the Rules.

### Article 3 Structured Bonds with Undetermined Redemption Values, etc.

The matters provided for in the By-laws as prescribed in Article 6, Paragraph 7 and Article 22, Paragraph 6 of the Rules shall apply to any of the following:

- (1) Bonds, etc. whose redemption value is linked to an index, etc.
- (2) Bonds, etc. whose redemption value or interest rate is linked to an exchange rate
- (3) Bonds, etc. whose interest rate is linked to a long-term interest rate
- (4) Products with an inverse correlation to interest rate fluctuations
- (5) Leveraged products
- (6) Other products specified by the Self-regulation Committee as products with undetermined redemption values, etc.

### Article 4 Method for Calculating the Average Remaining Maturity by the WAM Method

1. The average Remaining Maturity by the WAM (Weighted Average Maturity) method for incorporated assets as provided in Article 7 of the Rules (including cases where it is applied mutatis mutandis pursuant to Article 24 of the Rules) for Securities, etc. incorporated in the investment trust asset as of the calculation date shall be the period obtained by taking the total period calculated by multiplying the Remaining Maturity of a Security, etc. obtained through the calculation method stipulated in the following items for the different types of Securities, etc. by the incorporated value of said Security, etc. (the value measured in accordance with Rules for Valuation and Accounting of Investment Trust Properties; the same shall apply hereinafter) and dividing it by the total amount of incorporated Securities, etc.

- (1) For securities (except floating rate notes and products related to repurchase transactions and bond lending transactions), the period is the number of days from the delivery date until the redemption date, less the number of days thereafter until the redemption date
  - (2) For Financial Instruments (except products related to repurchase transactions), the period is the number of days from the transaction date until the maturity date, less the number of days thereafter until the maturity date  
However, the period for deposits (excluding CDs) and designated money trusts shall be counted as one day.
  - (3) For floating rate notes, the period is number of days from the delivery date until the day before the next interest rate application date, less the number of days thereafter until the next interest rate application date
  - (4) For repurchase transactions and bond lending transactions, the period is the number of days from the transaction date until the end date, less the number of days thereafter until the end date
2. In calculating the average Remaining Maturity, if using in the period from the contract date to the delivery date of a Securities, etc. prescribed in preceding items for a different security, the period from the calculation date until the maturity date for the other Securities, etc. shall be added to the calculation.
  3. The Self-regulation Committee shall determine examples of calculations for the average Remaining Maturity prescribed in Paragraph 1.

#### Article 4-2 Method for Calculating the Average Remaining Maturity with the WAL Method

1. The average Remaining Maturity by the WAL (Weighted Average Life) method for incorporated assets as provided in Article 7 of the Rules (including cases where it is applied mutatis mutandis pursuant to Article 24 of the Rules) for Securities, etc. incorporated in the investment trust asset as of the calculation date shall be the period obtained by taking the total period calculated by multiplying the Remaining Maturity of a Security, etc. obtained through the calculation method stipulated in the following items for the different types of Securities, etc. by the incorporated value of said security, etc. and dividing it by the total amount of incorporated Securities, etc.
  - (1) For securities (except products related to repurchase transactions and bond lending transactions), the period is the number of days from the delivery date until the redemption date, less the number of days thereafter until the redemption date
  - (2) For Financial Instruments (except products related to repurchase transactions), the period is the number of days from the transaction date until the maturity date, less the number of days thereafter until the maturity date  
However, the period for deposits (excluding CDs) and designated money trusts shall be counted as one day.
  - (3) For repurchase transactions and bond lending transactions, the period is the number of days from the transaction date until the end date, less the number of days thereafter until the end date
2. In calculating the average Remaining Maturity, if using in the period from the contract date to the delivery date of a Securities, etc. prescribed in preceding items for a different security, the period from the calculation date until the maturity date for the other Securities, etc. shall be added to the calculation.

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on June 9, 2005.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provisions

This amendment shall come into effect on December 1, 2016.

\* The amended provisions are as follows:

Articles 3 and 4 have been amended. Article 4-2 has been newly established. Articles 5 and 6 have been deleted.

## Committee Resolution Concerning Operations of MMF, etc.

Established on March 19, 2004  
Revised on September 11, 2008

This committee resolution sets forth the matters delegated to the Self-regulation Committee in accordance with the Rules for Operations of MMF, etc.

1. The calculation example for the average Remaining Maturity set forth in Article 4, Paragraph 3 of the By-laws on “Rules for Operations of MMF, etc.” is as follows:

Example Calculation (Calculation Date: October 1, 1997)

- i. Assets 9,000,000,000 yen

Incorporated assets	Amount (Denominator)	Remaining Days	(Numerator)
Call Discharge (Overnight)	: 3,000,000,000 yen	1 day	30
Call Discharge (7 days)	: 2,000,000,000 yen	7 days	140
CP (Maturity Date: December 20, 1997)	: 2,000,000,000 yen	80 days	1,600
Floating rate notes (the day before the next interest rate application date, January 4, 1998)	: 2,000,000,000 yen	95 days	1,900
	Total 9,000,000,000 yen		3,670
	Average Remaining Days	40.8 days	

- ii. The following agreements were added to the above portfolio on October 2:

Purchase of CP for partial funds of a Call Discharge (overnight)			
(Delivery Date: October 6, Maturity Date: December 5)			
	2,000,000,000 yen	60 days	1,200
Other Assets			
Call Discharge (Overnight)	: 3,000,000,000 yen	1 day	30
Call Discharge (6 days)	: 2,000,000,000 yen	6 days	120
CP (Maturity Date: December 20, 1997)	: 2,000,000,000 yen	79 days	1,580
Floating rate notes (the day before the next interest rate application date, January 4, 1998)	: 2,000,000,000 yen	94 days	1,880
	Total 11,000,000,000 yen		4,810

Provided that the CP purchase price for the above call discharge (overnight) shall be reduced by 2,000,000,000 yen and the denominator shall be 9,000,000,000 yen.

Average Remaining Days      53.4 days

### Supplementary Provision

This Sub-Committee resolution shall come into effect on April 1, 2004.

### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

# Accounting Rules for Investment Trusts

Established on March 23, 1999  
Revised on March 19, 2004  
Revised on March 18, 2005  
Revised on May 24, 2006  
Revised on September 21, 2007  
Revised on November 16, 2007  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on December 20, 2012

## Chapter 1: General Provisions

### Article 1 Purpose

The accounting processes and entry methods in preparing balance sheets, profit, loss, and surplus statements, and supplementary schedules for investment trust property (hereinafter referred to as “Financial Statements, etc.”) as well as the content and amounts recorded for each account title of an investment trust property shall be in accordance with the provisions of the Regulation on Calculation of Investment Trust Property (Prime Minister's Office Order No. 133 of 2000; hereinafter referred to as the “Rules for Investment Trust Financial Statements”) and these Rules.

### Article 2 Accounting Principles

The accounting processes and entry methods in preparing Financial Statements, etc. for investment trusts, etc. shall conform to the following principles:

- (1) Present a true statement of the state of assets and profits and losses
- (2) Prepare accurate accounting books for all transactions in accordance with the principle of orderly bookkeeping
- (3) Clearly state the accounting facts necessary to accurately determine the status of assets and profits and losses
- (4) Apply accounting principles and procedures and entry methods for Financial Statements, etc. continuously for each accounting period and do not change them without reason
- (5) If nothing is provided for in Rules for Investment Trust Financial Statements and these Rules, adhere to generally accepted accounting principles

### Article 3 Notes, etc. on Accounting Policies

1. Important accounting policies for preparing balance sheets and profit, loss, and surplus statements must be stated in the notes. However, this shall not apply to accounting policies which are adopted in principle.
2. When any changes occur to accounting policies involving balance sheets and profit, loss, and surplus statements, the reason for the change, and the amount of the increase or decrease resulting from the change must be stated in the notes. However, notes are not required if the effect of the change is minor.
3. The provision of the preceding paragraph shall apply mutatis mutandis to any change in the entry method for balance sheets and profit, loss, and surplus statements. In this case, “accounting policies” in the same paragraph shall be deemed to be replaced with “entry method”.

#### Article 4 Method for Including Notes

1. Matters to be noted as provided for in these Rules must be noted in balance sheets and profit, loss, and surplus statements.
2. In addition to what is provided for in these Rules, matters necessary for accurately determining the status of assets or profits and losses for an investment trust must be stated in the notes of balance sheets and profit, loss, and surplus statements.

#### Chapter 2: Balance Sheets

##### Article 5 Division

Balance sheets must include an assets section, a liabilities section, and a net asset section, all of which shall have totals.

##### Article 6 Assets Section

1. The assets section must be subdivided into account titles showing the nature of deposits, share certificates, national government bonds and other assets so as to show the contents of assets as clearly as possible.
2. The assets section can be subdivided into account titles showing deposits, share certificates, national government bonds and other assets as set forth in the By-laws and each account title shall record amounts, etc. as set forth in the By-laws.

\* Article 2 of the By-laws

##### Article 7 Liabilities Section

1. The liabilities section must be subdivided into account titles showing the nature of loans, advances received, accounts payable and other liabilities so as to show the state of liabilities as clearly as possible.
2. The liabilities section can be subdivided into account titles showing loans, advances received, accounts payable and other liabilities as set forth in the By-laws and each account title shall record amounts, etc. as set forth in the By-laws.

\* Article 3 of the By-laws

##### Article 8 Valuation of Investment Securities, etc. and Derivatives

Valuation of investment securities and other financial instruments, etc. (hereinafter referred to as "Securities, etc.") and derivatives shall in principle be made at market value. However, this shall not apply to cases where investment trust contracts (hereinafter referred to as "Contracts") are otherwise provided.

##### Article 9 Valuation of Foreign Currency Assets and Liabilities

Valuation of assets and liabilities denominated in foreign currencies shall be based on the exchange rate of the final day of the accounting period.

#### Article 10 Net Asset Section

1. The net asset section shall be divided into principal, stock price fluctuation reserve, price fluctuation reserve, and surplus or deficit.
2. The net asset section can be subdivided into account titles showing principal, stock price fluctuation reserve, price fluctuation reserve, surplus or deficit, and other net worth items as set forth in the By-laws and each account title shall record amounts, etc. as set forth in the By-laws.

\* Article 4 of the By-laws

#### Article 11 Definition of Principal

Principal is the amount calculated by multiplying the number of beneficiary rights on the final day of the accounting period by the amount per right specified in the Contracts.

#### Article 12 Definition of Stock Price Fluctuation Reserve and Price Fluctuation Reserve

The stock price fluctuation reserve or the price fluctuation reserve is the amount obtained by multiplying the amount exceeding the principal of the net asset amount by the percentage specified in the Contracts.

#### Article 13 Note on the Net Asset per Unit Amount

The balance sheet must contain the amount of the net asset per unit on the final day of the accounting period.

### Chapter 3: Profit, Loss, and Surplus Statement

#### Article 14 Division

1. The profit, loss, and surplus statement shall be divided into revenue and expenses and shall be calculated by deducting the total amount of expenses from the total amount of revenue to obtain the net profits or losses for the period in question. Adjusted net profits or losses shall be calculated by adding or subtracting the net profit or loss distribution amount due to early cancellation to the calculated amount.
2. Surplus at the end of a period shall be calculated by adding or subtracting the surplus or deficit at the start of the period, any increases or decreases from additional trusts during the period, any increases or decreases due to early cancellation during the period, and any distributions to the adjusted net profit.

#### Article 15 Account titles of Revenues and Expenses

1. Revenues and expenses for an investment trust must be subdivided into account titles with appropriate names that indicate the nature thereof.
2. Revenues and expenses may be subdivided into account titles as set forth in the By-laws and each account title shall record amounts, etc. as set forth in the By-laws.

\* Articles 5, 6 and 7 of the By-laws

#### Article 16 Recognizing Dividend Income

Dividend income shall be recorded on the day when the sale or purchase of said stock occurred.

Article 17 Recognizing Profit or Loss from Selling or Purchasing Securities, etc.

1. Profit or loss realized through the sale or purchase of Securities, etc. shall be recorded on the date the agreement was concluded.
2. Valuation losses or gains of Securities, etc. shall be recorded as profits or losses on the sale or purchase of Securities, etc. on the final day of the accounting period.

Article 18 Recognition of Profit or Loss on Derivative Transactions, etc.

1. Profit or loss realized through derivative transactions, etc. shall be recorded on the date the agreement was concluded.
2. Valuation losses or gains of derivative transactions, etc. shall be recorded as profits or losses on derivative transactions, etc. on the final day of the accounting period.

Article 19 Recognition of Profit or Loss in Foreign Exchanges

1. Foreign exchange profits or losses realized through forward exchange transactions shall be recorded on the date the agreement was concluded.
2. Valuation losses or gains of foreign exchange on assets and liabilities denominated in foreign currencies shall be recorded as foreign exchange profits or losses on the final day of the accounting period.

Article 20 Deleted

Article 21 Definition of the Net Profit Distribution Amount or Net Loss Distribution Amount upon Early Cancellation

The net profit distribution amount or net loss distribution amount accompanying an early cancellation shall be the amount of profit or loss for the period distributed via a partial early cancellation by the Consignor during the period.

Article 22 Definition of Increase or Decrease from Additional Trusts during the Current Accounting Period

The increase or decrease from additional trusts during the current accounting period shall be the increase or decrease to the surplus or deficit from the addition of a trust during the period.

Article 23 Definition of Increase or Decrease due to Early Cancellation during the Current Accounting Period

The increase or decrease due to early cancellation during the current accounting period shall be the amount of the increase or decrease to the surplus or deficit from an early cancellation during the period.

Article 24 Recording Distributions

1. Distributions of investment trusts shall be recorded in profit, loss, and surplus statements on the distribution determination date. Any unpaid amount of the distribution shall be recorded in the balance sheet as an unpaid



income distribution.

2. The basis for calculation of distribution shall be recorded in profit, loss, and surplus statements.

#### Chapter 4: Supplementary Schedules

##### Article 25 Supplementary Schedules to Be Prepared by the Investment Trust Management Company

1. The Investment Trust Management Company (meaning an investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951). ) must prepare the following supplementary schedules in addition to the supplementary schedules set forth in Article 57 of the Rules for Investment Trust Financial Statements. However, preparation of these supplementary schedules is not required when there are no transactions pertaining to these supplementary schedules:

- (1) Short selling securities schedule
- (2) Accounts receivable schedule
- (3) Unit Type Distribution Statement
- (4) Open Type Profit Distribution Statement
- (5) Status of transactions with interested parties, etc.

2. The supplementary schedules listed in the preceding paragraph shall be prepared in the form specified in the By-laws.

\* Article 8 of the By-laws

#### Chapter 5: Miscellaneous Provisions

##### Article 26 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

##### Article 27 Others

Any matters regarding the accounting procedures for investment trusts not stipulated in these Rules may be decided by a resolution of the Board of Directors.

##### Article 28 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-regulation Committee the authority to amend any By-laws relating to these Rules.

2. The Self-regulation Committee shall promptly report to the Board of Directors any decision(s) made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

Supplementary Provision

These Rules shall come into effect on December 1, 1998.

Supplementary Provision

This amendment shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provisions

This amendment shall come into effect on September 30, 2007.

However, any documents defined in Article 25, Paragraph 1, Item 1 prior to the revision intended for the calculation period whose preparation begun before the implementation date shall remain applicable.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

# By-laws on Accounting Rules for Investment Trusts

Established on March 19, 2004  
Revised on March 18, 2005  
Revised on May 19, 2005  
Revised on January 12, 2006  
Revised on May 11, 2006  
Revised on June 8, 2006  
Revised on January 11, 2007  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on November 16, 2007  
Revised on December 21, 2007  
Revised on March 21, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on November 20, 2014  
Revised on April 18, 2019  
Revised on September 12, 2019  
Revised on September 11, 2020

## Article 1 Purpose

These By-laws set forth the necessary matters for the enforcement of the Accounting Rules for Investment Trusts (hereinafter referred to as the “Rules”).

## Article 2 Assets Section

The account titles specified in the By-laws stipulated in Article 6, Paragraph 2 of the Rules shall be the titles specified in the following items, and the amount specified in each item shall be recorded at the time specified in each item.

### (1) Deposits

Within the investment trust property (hereinafter referred to as the “Trust Property”), the amount of deposits shall be recorded.

### (2) Money Trusts

Within the Trust Property, the amount of Money Trusts of a bank engaged in trust business and a trust company (meaning beneficiary certificates of beneficiary certificate-issuing trusts prescribed in Article 2, Paragraph 1, Item 14 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the “FIEA”) and beneficial interests in Monetary Trusts with a contract indemnifying the principal amounts prescribed in Article 22, Paragraph 1, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister’s Office Order No. 129 of 2000) among the beneficial interests in trusts prescribed in Paragraph 2, Item 1 in the same article of the said Act) shall be recorded.

### (3) Call Loans

Within the Trust Property, the amount of call loans and discounted bills shall be recorded.

### (4) Mortgage Securities

The book value of mortgage securities that have come to belong to the Trust Property (meaning the mortgage securities prescribed in Article 2, Paragraph 1, Item 16 of the FIEA. The same shall apply

hereinafter.) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such mortgage securities was made.

In preparing the balance sheet (hereinafter referred to as the “Balance Sheet”) stipulated in the Regulation on Calculation of Investment Trust Property (Prime Minister’s Office Order No. 133 of 2000; hereinafter referred to as the “Rules for Investment Trust Financial Statements”) the appraised value of such mortgage securities shall be recorded.

(5) Other Financial Instruments

The acquisition value of financial instruments (meaning real asset securitization-related products) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such Financial Instruments was made.

(6) Monetary Claims

The acquisition value of monetary claims that have come to belong to the Trust Property (meaning monetary claims prescribed in Article 3, Item 7 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480, 2000, hereinafter referred to as “Enforcement Order of the Investment Trust Act.”), excluding the deposits prescribed in Item 1 and call loans prescribed in Item 3.) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such Monetary Claims was made.

In preparing the Balance Sheet, the appraised value of such Monetary Claims shall be recorded.

(7) Promissory Note

The acquisition value of promissory notes (meaning promissory notes stipulated in Article 3, Item 6 of the Enforcement Order of the Investment Trust Act, excluding discounted bills) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such promissory notes was made.

In preparing the Balance Sheet, the appraised value of such promissory notes shall be recorded.

(8) Beneficial Interests

The acquisition value of beneficial interests in trusts (meaning beneficial interests in trusts stipulated in Article 2, Paragraph 2, Item 1 of the FIEA, excluding those that fall under the category of money trusts stipulated in Item 2 and the beneficial interests in monetary claims trusts stipulated in Item 22) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such beneficial interests in trusts was made.

In preparing the Balance Sheet, the appraised value of such beneficial interests in trusts shall be recorded.

(9) Investments in Capital

The acquisition value of the equity in investment in a silent partnership, etc. (meaning the right under partnership contract, etc., that fall under Article 2, Paragraph 2, Items 5 and 6 of the FIEA and Article 3, Item 8 of the Enforcement Order of the Investment Trust Act) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such equity in investment in a silent partnership, etc. was made.

In preparing the Balance Sheet, the appraised value of such equity in investment in a silent partnership,

etc. shall be recorded.

(10) Beneficiary Certificates of Trust Issuing Beneficiary Certificates

The acquisition value of beneficiary certificates of trust issuing beneficiary certificates (meaning beneficiary certificates of trust issuing beneficiary certificates stipulated in Article 2, Paragraph 1, Item 14 of the FIEA, excluding money trusts stipulated in Item 2 and beneficial interests in monetary claims trusts stipulated in Item 22) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for beneficiary certificates of trust issuing beneficiary certificates was made.

In preparing the Balance Sheet, the appraised value of such beneficiary certificates of trust issuing beneficiary certificates shall be recorded.

(11) Stock Certificates

The book value (including purchase commission fees) of stocks that have come to belong to the Trust Property (including depositary receipts or certificates of deposit possessing the nature of stock) shall be recorded. The time to record the amount thereof shall be the day on which the purchase agreement for such shares was made or, for new stocks to be allocated or for dividend stocks to be distributed, and shall be the day on which the ex-right or ex-dividend old stocks are purchased or sold, and the acquisition values of such new stocks or dividends shall be the face value or issue value.

The book value per share shall be calculated by dividing the total amount acquired of the same issue divided by the total number of shares of the same issue.

In preparing the Balance Sheet, the appraised value of such stocks shall be recorded.

(12) Stock Options Certificates

The book value (including purchase commission fees) of stock options certificates (meaning the stock options certificates (including warrants securities or certificates) issued under the provision of Article 288, Paragraph 1 of the Companies Act, including investment equity option certificates (meaning the investment equity option certificates stipulated in Article 2, Paragraph 18 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as “the Investment Trust Act”))) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such stock options certificates was made.

The book value per stock option certificates shall be calculated by dividing the total amount acquired of the same issue divided by the total number of certificates of the same issue.

In preparing the Balance Sheet, the appraised value of such stock option certificates shall be recorded.

(13) Option Certificates, etc.

The book value of option certificates, etc. that have come to belong to the Trust Property (including securities or certificates indicating rights to an option transaction stipulated in Article 2, Paragraph 1, Item 19 of the FIEA; hereinafter referred to as “Option Certificates, etc.”) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such Option Certificates, etc. was made.

In preparing the Balance Sheet, the appraised value of such Option Certificates, etc. shall be recorded.

(14) Preferred Equity Securities

The book value (including purchase commission fees) of preferred equity securities that have come to belong to the Trust Property (meaning preferred securities stipulated in Article 2, Paragraph 1, Item 7 of the FIEA and the new preferred securities stipulated in Item 8 of the same Act ) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such preferred equity securities was made.

In preparing the Balance Sheet, the appraised value of such preferred equity securities shall be recorded.

(15) National Government Bonds

The acquisition value of national government bonds (including purchase commission fees) that have come to belong to the Trust Property shall be recorded. In this case, accrued interest at the time of acquisition shall not be included in the acquisition value for interest-bearing bonds.

Furthermore, the acquisition value for items with an application reservation fee shall be the amount including the application reservation fee for unit type investment trusts, open investment trusts (excluding bond investment trusts. The same shall apply hereinafter.) and Mother fund, whereas the acquisition value for bond investment trusts shall be the amount not including the application reservation fee. The time to record the amount thereof shall be the date on which the purchase agreement for such national government bonds was made.

In preparing the Balance Sheet, the appraised value of such national government bonds shall be recorded.

(16) Municipal Bonds

The provisions of the preceding item shall apply mutatis mutandis to the recording of the acquisition value of municipal bonds, the calculation of their acquisition value in cases where there is an application reservation fee, and the time of recording the amount for special municipal bonds. When doing so, the term “municipal bonds” shall replace the term “national government bonds,” the “such municipal bonds” shall replace the term “such national government bonds.”

In preparing the Balance Sheet, the appraised value of such municipal bonds shall be recorded.

(17) Special Bonds

The provisions of Item 15 shall apply mutatis mutandis to the recording of the acquisition value of special bonds, the calculation of their acquisition value in cases where there is an application reservation fee, and the time of recording the amount for special bonds. When doing so, the term “special bonds” shall replace the term “national government bonds,” the “such special bond” shall replace the term “such national government bonds.”

In preparing the Balance Sheet, the appraised value of such special bonds shall be recorded.

(18) Corporate Bond (Excluding Short-Term Corporate Bonds Stipulated in Item 22)

The provisions of Item 15 shall apply mutatis mutandis to recording the acquisition value of corporate bonds (including investment corporation bonds (meaning investment corporation bonds defined in Article 2, Paragraph 1, Item 11 of the FIEA and foreign investment securities similar to investment corporation bonds; the same shall apply hereinafter) and school bonds (meaning school bonds defined in Article 4, Item 1 of the Cabinet Office Order on Definitions Stipulated in Article 2 of the Financial

Instruments and Exchange Act (Cabinet Ordinance No. 14 of 1993)), and the calculation of their acquisition values in cases where there is an application reservation fee, and time of recording the amount for bond certificates and school bonds. In this case, the term “corporate bonds” in Item 15 shall replace the term “national government bonds,” the “such corporate bonds” shall replace the term “such national government bonds.”

In preparing the Balance Sheet, the appraised value of such corporate bonds shall be recorded.

(19) Equity Securities

The provisions of Item 15 shall apply mutatis mutandis to the recording of the acquisition value of investment securities, the calculation of their acquisition value in cases where there is an application reservation fee, and the time of recording the amount for equity securities. When doing so, the term “equity securities” shall replace the term “national government bonds,” the “such equity securities” shall replace the term “such national government bonds.”

In preparing the Balance Sheet, the appraised value of such equity securities shall be recorded.

(20) Investment Trust Beneficiary Certificates

The book value (including expenses required for acquisition) of investment trust beneficiary certificates (meaning beneficiary certificates stipulated in Article 2, Paragraph 1, Item 10 of FIEA ) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such investment trust beneficiary certificates was made.

In preparing the Balance Sheet, the appraised value of such investment trust beneficiary certificates, etc. shall be recorded.

(21) Investment Securities

The book value (including expenses required for acquisition) of the investment securities (meaning investment securities stipulated in Article 2, Paragraph 1, Item 11 of the FIEA) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such investment securities, etc. was made.

In preparing the Balance Sheet, the appraised value of such investment securities, etc., shall be recorded.

(22) Other Securities

The acquisition value of commercial papers, short-term corporate bonds, etc. (meaning short-term corporate bonds as stipulated in Article 66, Item 1 of the Act on Transfer of Company Bonds, Shares, etc., short-term corporate bonds as stipulated in Article 61-10, Paragraph 1 of the Insurance Business Act, specified short-term corporate bonds as stipulated in Article 2, Paragraph 8 of the Act on Securitization of Assets, short-term bonds as stipulated in Article 54-4, Paragraph 1 of the Shinkin Bank Act, short-term agricultural and forestry bonds as stipulated in Article 62-2, Paragraph 1 of the Norinchukin Bank Act, and short-term foreign bonds as stipulated in Article 38, Paragraph 2 of the Order on Supervision of General Transfer Agencies), negotiable certificates of deposits issued by a foreign corporation, foreign loan trust beneficiary securities (securities or certificates stipulated in Article 2, Paragraph 1, Item 18 of FIEA, including the items that possess the same properties), and beneficial interests in loan claims trusts (among beneficiary certificates of trust issuing beneficiary

certificates as stipulated in Article 2, Paragraph 1, Item 14 of the FIEA and beneficiary rights of trust as stipulated in Article 2, Paragraph 2, Item 1 of the said Act, refer to a beneficial interest of a trust in which monetary claims of a bank, cooperative structured financial institution defined in Article 2, Paragraph 1 of the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions (Act No. 44 of 1993), and financial institutions listed in the items of Article 1-9 of the Order for Enforcement of the FIEA (Order No. 321 of 1965), or a trust company is entrusted (limited to a trust in which the beneficiary at the time of conclusion of the contract for the trust is the settlor ), and securities or certificates issued by foreign countries or foreign persons which have the same characteristics, or which have the same characteristics of rights to foreign persons. ) shall be recorded. In this case, accrued interest at the time of acquisition shall not be included in the acquisition value for those bearing interest. The time to record the amount thereof shall be the date on which the purchase agreement for such securities was made.

In preparing the Balance Sheet, a separate account title for respective securities shall be established, and the appraised value or acquisition value of such securities shall be recorded.

(23) Mother Fund Beneficiary Certificates

The acquisition value of mother fund beneficiary certificates that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such beneficiary certificates was made.

In preparing the Balance Sheet, the appraised value of such beneficiary certificates shall be recorded.

(24) Commodities

The acquisition value of commodities (meaning commodities stipulated in Article 2, Paragraph 1 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950)) that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such commodities was made.

In preparing the Balance Sheet, the appraised value of such commodities shall be recorded.

(25) Call Options (Purchase)

The purchase value for call options (including the expenses required for purchasing) pertaining to option transactions by the Trust Property (meaning transactions listed in Article 2, Paragraph 21, Item 3 (b) of the FIEA, transactions conducted in foreign financial instruments markets (foreign financial instruments markets stipulated in Article 2, Paragraph 8, Item 3 of the FIEA) as well as transactions similar to those listed in Article 2, Paragraph 21, Item 3, or transactions listed in Article 2, Paragraph 22, Item 3 or 4 of the same Act, Article 2, Paragraph 1, Item 2 of the Act on Regulation of Commodity Investments (Act No. 66 of 1991), Article 2, Paragraph 14, Item 4 of the Commodity Derivatives Transaction Act, or Article 3, Item 10 (d) of the Enforcement Order of the Investment Trust Act; the same shall apply hereinafter) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for call options was made.

In preparing the Balance Sheet, the appraised value of such call options shall be recorded.

In addition, the purchase value shall be recorded for the account for the purchase of call options in transactions with options, and the time for recording and preparation of the Balance Sheet shall be



handled according to the rules for call options (purchase).

(26) Put Options (Purchase)

The purchase value for put options pertaining to option transactions by the Trust Property (including purchase costs) shall be recorded. The time to record the amount thereof shall be the date on which the purchase agreement for such options was made.

In preparing the Balance Sheet, the appraised value of such put options shall be recorded.

In addition, the purchase value shall be recorded for the account for the purchase of put options in transactions with options, and the time for recording and preparation of the Balance Sheet shall be handled according to the rules for put options (purchase).

(27) Notional Principal Receivable Assets

The amount of notional principal that serves as the basis for receivable swap interest rate pertaining to swap transactions and the amount of notional principal that serves as the basis for purchasing in forward rate transactions, forward currency transactions, and non-deliverable forward transactions by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the respective transaction agreements were made.

At the end of the fiscal year, the corresponding account of notional principal receivable assets shall be deducted from the account, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(28) Corresponding Account of Notional Principal Payable Liability

The amount of notional principal that serves as the basis for the payable swap interest rate pertaining to swap transactions and the outstanding amount of notional principal that serves as the basis for selling in forward rate transactions, forward currency transactions, and non-deliverable forward transactions by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the respective transaction agreements were made.

At the end of the fiscal year, such notional principal payable liability account shall be deducted from the account, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(29) Securities Lent

The amount pertaining to loaned securities held by the Trust Property (the amount equivalent to the market value on the day before the date of the loan came into effect for lending stock certificates and the amount equivalent to the face value for bond certificates) shall be recorded. The time to record the amount thereof shall be the date on which the loan came into effect.

At the end of the fiscal year, this shall be offset against the loan securities of loan trade account.

(30) Borrowing Trade Securities

The outstanding amount for borrowing trade securities in the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the borrowing came into effect.

At the end of the fiscal year, this shall be offset against the securities borrowed account.

(31) Futures Purchase Account

The purchase value (including purchase costs) subject to the transaction pertaining to the futures transaction by the Trust Property (meaning transactions listed in Article 2, Paragraph 21, Item 1 or 2 of the FIEA, transactions similar to those listed in Article 2, Paragraph 21, Item 1 or 2 that are conducted in foreign financial instruments markets, transactions listed in Article 2, Paragraph 14 of the Commodity Derivatives Transaction Act (not including Item 4), and transactions listed in Article 3, Item 10 (b) of the Enforcement Order of the Investment Trust Act; the same applies hereinafter ) shall be recorded. The time to record the amount thereof shall be the date on which the agreement was made.

At the end of the fiscal year, the accounts payable of futures transactions shall be deducted from such accounts, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(32) Derivative Evaluation Account

In preparing the Balance Sheet, valuation gains of futures transactions (excluding items related to option transactions) and valuation gains of foreign exchange shall be recorded in this account in the assets section.

(33) Repurchase Transaction Account

The settlement amount for bonds, etc. acquired through conditional sales shall be recorded.

(34) Accounts Receivable

The following accounts receivables pertaining to securities, etc. belonging to the Trust Property shall be recorded:

- (a) The sales value of securities and other financial instruments, etc. (hereinafter referred to as “securities, etc.”) at the time the sales agreement was made (excluding expenses required for sale)
- (b) The sales value of call options or put options at the time the option sales agreement was made (excluding expenses required for sale)
- (c) The amount of gains generated when a resale or repurchase transaction, etc. involving futures and options transactions is complete
- (d) The amount of gains generated when premature settlement involving swap transactions is complete
- (e) The amount of gains generated when the transactions pertaining forward rate transactions, forward currency transactions, and non-deliverable forward transactions are settled
- (f) The fixed amount when the corporate bond redemptions, capital reduction returns, money delivered through a merger, or liquidation dividends pertaining to securities belonging to the Trust Property have been settled
- (g) For exchange-traded funds, the set amount in cash when receiving a guarantee of obligation by the Japan Securities Clearing Corporation

(35) Foreign Exchange Accounts Receivable

The amount for account receivable when making a reservation to sell currencies other than those whose base value is listed (hereinafter referred to as “Foreign Currency”) shall be recorded. The time to record the amount thereof shall be the date of making such reservation.

(36) Foreign Exchange Purchase

The outstanding amount (including exchange fees, etc.) when a purchase reservation of Foreign

Currency is made shall be recorded. The time to record the amount thereof shall be the date of making such reservation.

(37) Accounts Receivable for Futures Transactions

The sales value for trading subjects pertaining to futures transactions by the Trust Property (excluding sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement for such a transaction was made. If the commission is paid at a time other than when the transaction is complete, the amount of such payment shall be added on.

At the end of the fiscal year, the futures sales account shall be deducted from the account, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(38) Margin Transaction Deposits

The outstanding amount of the sales in margin transactions (excluding expenses required for sales) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement was made.

(39) Accrued Dividend Receivable

The amounts for account receivables for dividends pertaining to stocks, dividends from beneficiary certificates, and dividends from investment securities that belong to the Trust Property shall be recorded.

(40) Accrued Interest

Interest income pertaining to deposits, money trusts, call loans, discounted bills, other financial instruments, national government bonds, municipal bonds, special bonds, corporate bonds (including investment corporation bonds) and other securities, as well as receivable swap interest rates in swap transactions and the amount for account receivable of repurchase transactions shall be recorded.

(41) Advance Payments

The amount paid in advance by way of customers' margin provided, etc., shall be recorded.

(42) Prepaid Expenses

The equivalent amount of accrued interests at the time of acquisition for interest-bearing bonds, etc. that have come to belong to the Trust Property shall be recorded.

(43) Other Accrued Revenue

The amount for accounts receivable of share-lending commission generated from securities lent and miscellaneous income and revenue generated from the Trust Property shall be recorded.

(44) Guarantee Deposits

The amount of cash or substitute securities, etc. provided to Type I Financial Instruments Business Operators (meaning a financial instruments business operators stipulated in Article 28, Paragraph 1 of FIEA; hereinafter referred to as "Type I Financial Instruments Business Operators."), etc. as guarantee deposits pertaining to margin transactions, when-issued transactions, or swap transactions, etc. by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the guarantee deposits were provided.

(45) Customers' Margin Provided

The amount of cash or substitute securities, etc. provided to Type I Financial Instruments Business Operators, etc. as customers' margin pertaining to futures transactions or option transactions by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the customers' margins were provided.

(46) Securities Received as Customers' Deposits for Cash Collateral Received

The amount of securities, etc., received from Type I Financial Instruments Business Operators, etc. as securities received as customers' deposits for cash collateral received pertaining to lending of securities that belong to the Trust Property or swap transactions, etc. shall be recorded. The time to record the amount thereof shall be the date on which the cash collateral was received.

In addition, securities received as customers' deposits for cash collateral received shall not be evaluated.

(47) Foreign Investment Accounts

The acquisition value of assets in foreign currency acquired with the listed currency of the base value of the Trust Property shall be recorded (including the exchange fee). The time to record the amount thereof shall be the date of delivery for such assets.

(48) Acquired Beneficiary Securities

When the Trust Property purchases beneficiary certificates based on the provisions of Article 30-2 of the Investment Trust Act prior to the enforcement of FIEA or when the Trust Property purchase beneficiary certificates based on Article 18 of the Investment Trust Act after the enforcement of FIEA, the purchase value of the beneficiary certificates shall be recorded.

### Article 3 Liabilities Section

The account titles specified in the By-laws stipulated in Article 7, Paragraph 2 of the Rules shall be the titles specified in the following items, and the amount specified for each item shall be recorded at the time specified in each item.

(1) Sales Securities for Margin Trading

The sales value for margin transactions by the Trust Property (excluding sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement for such a margin transaction was made.

In preparing the Balance Sheet, the appraised value of such sales securities for margin trading shall be recorded.

(2) Sales of Securities Borrowed

The offer price for short-sold securities (excluding sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement was made.

In preparing the Balance Sheet, the appraised value of such sales of securities borrowed shall be recorded.

(3) Bonds Sold

The offer price for TBA transactions (meaning transactions in which the deliverable issue of the pass-through securities is not specified, but only a coupon is specified) by the Trust Property (excluding

sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement was made.

In preparing the Balance Sheet, the appraised value of such bonds sold shall be recorded.

(4) Call Option (Sales)

The offer price for call options pertaining to option transactions by the Trust Property (excluding sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement for such options was made.

In preparing the Balance Sheet, the appraised value of such call options shall be recorded.

In addition, the sales value shall be recorded for the account for the sales of call options in transactions with options, and the time for recording and preparation of the Balance Sheet shall be handled according to the rules for call options (sales).

(5) Put Options (Sales)

The offer price for put options pertaining to option transactions by the Trust Property (excluding sales costs) shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement for such options was made.

In preparing the Balance Sheet, the appraised value of such put options shall be recorded.

In addition, the sales value shall be recorded for the account for the sales of put options in transactions with options, and the time for recording and preparation of the Balance Sheet shall be handled according to the rules for put options (sales).

(6) Corresponding Account of Notional Principal Receivable Assets

The outstanding amount of notional principal that serves as the basis for the receivable swap interest rate pertaining to swap transactions and the outstanding amount of notional principal that serves as the basis for purchasing in forward rate transactions, forward currency transactions, and non-deliverable forward transactions by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the respective transaction agreements were made.

At the end of the fiscal year, such accounts shall be deducted from the corresponding account of notional principal receivable asset account, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(7) Notional Principal Payable Liability

The amount of notional principal that serves as the basis for the payable swap interest rate pertaining to swap transactions and the amount of notional principal that serves as the basis for selling in forward rate transactions, forward currency transactions, and non-deliverable forward transactions by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the respective transaction agreements were made.

At the end of the fiscal year, such accounts shall be deducted from corresponding account of notional principal payable liability, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(8) Securities of Loan Trade

The outstanding amount of loans on securities held by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the loan came into effect.

At the end of the fiscal year, this shall be offset against the securities lent account.

(9) Securities Borrowed

The amount for borrowed securities shall be recorded. The time to record the amount thereof shall be the date on which the borrowing came into effect.

At the end of the fiscal year, this shall be offset against the borrowing trade securities account.

(10) Loans

The advances paid made for the Trust Property by a trustee company and the amount borrowed by the Trust Property based on the provisions of the investment trust contract (hereinafter referred to as “the Contract”) shall be recorded.

(11) Advances Received

The amount received in advance for short selling of bonds, etc. shall be recorded.

(12) Deferred Revenue

The amount received in advance as a deferral fee for accrued interest generated in ex-interest bond purchases, etc., shall be recorded.

(13) Accounts Payable

The amount for the following accounts payables, etc. pertaining to securities, etc. belonging to the Trust Property shall be recorded: The time to record the amount thereof shall be the date on which the transaction agreement was made.

(a) The acquisition value of securities, etc. (including expenses required for acquisition)

(b) The purchase value of call options or put options (including purchase costs)

(c) The amount of loss arising from resale or repurchase, etc. pertaining to futures transactions and option transactions

(d) The amount of loss generated when such transactions are complete due to premature settlement involving swap transactions

(e) The amount of loss (basically) generated when the transactions pertaining to forward rate transactions, forward currency transactions, and non-deliverable forward transactions are settled

(14) Selling Exchange

The outstanding amount (including exchange fees, etc.) when a sales reservation of Foreign Currency is made shall be recorded. The time to record the amount thereof shall be the date of making such reservation.

(15) Foreign Exchange Accounts Payable

The amount for account payable for when a purchase reservation for foreign currency is made shall be recorded. The time to record the amount thereof shall be the date of making such reservation.

(16) Futures Transactions Accounts Payable

The purchase value for transactions traded as futures by the Trust Property (including purchase costs) shall be recorded. The time to record the amount thereof shall be the date on which the purchase

agreement for such a transaction was made. If a commission, etc. is paid at a time other than when the transaction is complete, the amount of such payment shall be added.

At the end of the fiscal year, such accounts shall be deducted from the futures purchase account, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(17) Unpaid Share Subscription

The amount for account payable for subscription of new shares that have come to belong to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which ex-rights for the old stocks were purchased or sold.

(18) Unpaid Dividends

The amount for account payable for the earnings dividends of the Trust Property to the consignor shall be recorded.

(19) Redemption Payable

The amount for account payable for the amount to be paid to the consignor from the Trust Property upon the consignor's partial cancellation shall be recorded (excluding remuneration for the consignor and the trustee). The time to record the amount thereof shall be the day the principal reduction is processed in accounting by executing partial cancellation.

(20) Unpaid Trustee Fees

Based on the terms and conditions of the Contract, the amount for account payable for trust fees to be paid from the Trust Property to the trustee shall be recorded.

(21) Unpaid Consignor Fees

Based on the terms and conditions of the Contract, the amount for account payable for trust fees to be paid from the Trust Property to the consignor shall be recorded.

(22) Accrued Interest Expenses

The amount for account payables of interest expenses to be paid on loans, collateral received and the amount of swap interest payable on swap transactions shall be recorded.

(23) Futures Sales Account

The sales value (deducting the expenses required for sales) of the transaction subject to the futures transaction shall be recorded. The time to record the amount thereof shall be the date on which the sales agreement for such a transaction was made.

At the end of the fiscal year, such accounts shall be deducted from the accounts receivable of futures transactions, and if the difference is a positive number, the difference is transferred to the accounts receivable, and if the difference is negative, the difference is transferred to the accounts payable.

(24) Derivative Evaluation Account

In preparing the Balance Sheet, valuation losses on futures transactions, etc. (excluding option transactions) and valuation losses on foreign exchange shall be recorded in the relevant account in the liabilities section.

(25) Repurchase Transaction Account

The settlement amount for bonds, etc., sold through conditional sales shall be recorded.

(26) Securities Received as Customers' Deposits for Guarantee Deposits

The amount of securities, etc. deposited to Type I Financial Instruments Business Operators, etc. as securities in lieu of guarantee deposits pertaining to margin transactions, when-issued transactions, swap transactions, etc., by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the guarantee deposits were provided.

(27) Securities Received as Customers' Deposits for Customers' Margin

The amount of securities, etc. deposited to Type I Financial Instruments Business Operators, etc. as securities in lieu of customers' margin pertaining to futures or option transactions, etc. by the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the customers' margins were provided.

(28) Collateral Received

The amount of cash or substitute securities, etc. received from Type I Financial Instruments Business Operators, etc. as a security deposit for loans of securities and swap transactions, etc. by the Trust Property shall be recorded. The time to record the amount thereof amount shall be the date of receipt of the security money.

(29) Other Accrued Expenses

The amount for account payables for miscellaneous expenses and miscellaneous losses incurred in the Trust Property shall be recorded.

#### Article 4 Net Asset Section

The account titles specified in the By-laws stipulated in Article 10, Paragraph 2 of the Rules shall be the titles specified in the following items, and the amount specified shall be recorded at the time specified in each item:

(1) Principal

The principal amount of the Trust Property shall be recorded. The time to record the amount thereof shall be the day the trust is established or the day the additional principal is established.

In addition, the day on which the reduction in principal is processed in accordance with the execution of a partial cancellation of the consignor shall be the day following the partial cancellation application.

(For bond investment trusts that are set by interest on custody government bonds, etc., the date of application for partial cancellation.)

(2) Foreign Currency Fund

The amount of assets denominated in foreign currencies (excluding those to be exchanged for the principal amount at the beginning of currency swap transactions and to be exchanged again at the end of currency swap transactions) acquired in the currency in which the base value of the Trust Property is indicated shall be recorded. The time to record the amount thereof shall be the date of delivery for such assets.

(3) Reserve for Stock Price Fluctuations

Based on the terms and conditions of the Contract, the accumulated reserve for stock price fluctuations shall be recorded.

(4) Reserve for Value Fluctuations



Based on the terms and conditions of the Contract, the accumulated reserve for value fluctuations shall be recorded.

(5) Reserve for Dividends

The amount of reserve for dividends which has been set aside based on the provisions of Article 55 of the Rules concerning Valuation and Accounting of Investment Trust Property (hereinafter referred to as the "Accounting Rules") shall be recorded.

(6) Profit Carried Forward

The amount of profit carried forward calculated based on the provisions of Article 56, Article 58 or Article 63 of the Accounting Rules shall be recorded.

(7) Deficit Carried Forward

The amount of deficit carried forward calculated based on the provisions of Article 55, Article 56, Article 58 or Article 63 of the Accounting Rules shall be recorded.

(8) Retained Earnings

The Balance Sheet shall be prepared by deducting the total amount of liabilities and the amount of principal from the total amount of assets

## Article 5 Expenses

The account titles for expenses specified in the By-laws stipulated in Article 15, Paragraph 2 of the Rules shall be the titles specified in the following items, and the amount specified in each item shall be recorded at the time specified in each item.

(1) Subscription Fees

The amount paid from the Trust Property as a subscription fee at the initial establishment of the trust based on the terms and conditions of the Contract, shall be recorded.

(2) Losses on Trading of Securities

For securities, etc., of the Trust Property, if any of the following applies, the amount shall be recorded at the time specified in each item.

(a) When securities, etc. held by the Trust Property are sold, the amount of loss shall be recorded as the difference between the book value and the sale value of such sold securities, etc. (less commissions for sales and transaction taxes on securities, etc., and excluding accrued interest and prepaid accrued interest on interest-bearing bonds and accrued interest on discount bonds for the period from the time of acquisition thereof to the time of the sale thereof (The sale consignment fee and securities, etc. transaction tax are deducted, and accrued interest and prepaid accrued interest on interest-bearing bonds and accrued interest corresponding to the period from the acquisition (For those that have been re-evaluated with new valuation after acquisition, the most recent valuation. The same shall apply hereinafter in this item and Item 1 of the next article.) to the sale of discount bonds are not included in the sale value.) The time to record the amount thereof shall be the date on which the sales agreement was made.

(b) In cases where securities, etc. held by the Trust Property have been redeemed, the amount of loss shall be recorded as the difference between the book value of such securities, etc., and the redemption

value (accrued interest for the period from the acquisition of the discount bonds to the redemption is not included in the redemption value.) The time to record the amount thereof shall be the redemption date.

(c) In the event of losses arising from revaluation of securities, etc., held by the Trust Property of an additional investment trust in accordance with the provisions of Article 55, Paragraph 1, Item 1, Article 56, Paragraph 1, Item 1 or Article 58, Item 1 of the Accounting Rules, the amount equivalent to losses on valuation of such securities, etc., and the amount included in the valuation loss adjustment account (excluding amounts included in losses on valuation of futures transactions, etc.) shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(d) In the event that the securities, etc. held by the Trust Property of the mother fund are revalued in accordance with the provisions of Article 62 of the Accounting Rules and a loss is incurred, an amount equivalent to losses arising from revaluation of such securities, etc., shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(3) Losses on Futures Transactions, etc.

For futures transactions or option transactions, etc. by the Trust Property, if any of the following applies, the amount shall be recorded at the time specified in each item.

(a) In the case where a resale or a repurchase or a sell-back of a subject of transaction has been carried out (hereinafter referred to as the "Reverse Transaction") the difference between the book value and the value of the subject of such Reverse Transactions (by adding or subtracting the cost required for such transactions) which is the amount of loss to the Trust Property shall be recorded. The time to record the amount thereof shall be the date on which the Reverse Transaction agreement was made.

(b) If delivery is made with contracts for difference in futures transactions, the difference between the book value of the subject of such transactions and the settlement value thereof which is the amount of loss to the Trust Property shall be recorded. The accounting period for recording such amount shall be the date of delivery settlement.

The amount and the accounting period for such amounts in the case of settlement in kind of futures transactions pertaining to standard items (including "standard items" in commodity futures transactions) deemed to be government bonds or foreign government bonds shall be the same as in the case of contracts for difference.

(c) If delivery is made through settlement in kind in futures transactions, the difference between the futures purchase account and the accounts payable for futures transactions and the difference between the futures sales account and the accounts receivable for futures transactions which are the amount of loss to the Trust Property shall be recorded. The time to record the amount thereof shall be the next business day after delivery settlement.

(d) In the event of exercise, waiver or non-exercise of any rights in relation to option transactions, the amount equivalent to the loss for Trust Property shall be recorded as the book value of said option which is equivalent to the amount corresponding to such exercise, waiver or non-exercise of such

rights. The time to record the amount thereof shall be the date of exercise, waiver or non-exercise of such rights.

(e) In the event of any loss arising from revaluation of the transactions subject to futures transactions or option transactions, etc., the amount equivalent to such valuation loss and the amount included in the valuation loss adjustment account as a valuation loss for futures transactions, etc., shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(f) At the time of premature settlement or termination of the contract pertaining to the swap transaction, the difference between the book value of the subject of such transaction and the settlement value which is the amount of loss to the Trust Property shall be recorded. The time to record the amount thereof shall be the date the contract for premature settlement is established or the date of termination of the contract.

(g) In the event that losses arise from revaluation of the Trust Property of an open investment trust in swap transactions, forward rate transactions, forward currency transactions and non-deliverable forward transactions based on the provisions of Article 55, Paragraph 1, Item 1, Article 56, Item 1 or Article 58, Paragraph 1, Items 2 and 3 of the Accounting Rules, the amount equivalent to the valuation loss of said swap transaction, forward rate transaction, forward currency transaction and non-deliverable forward transaction and the amount recorded in the valuation loss adjustment account shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

#### (4) Interest Expenses

Interest expense on loans and collateral received, and swap interest expense on swap transactions shall be recorded daily. In addition, the settlement amount to be paid for forward rate transactions and forward currency transactions shall be recorded on the fixed date.

In preparing the profit and loss and retained earnings statement as defined in the Rules for Investment Trust Financial Statements (hereinafter referred to as the "Profit and Loss Statement"), the amount calculated by adding the cumulative amount of interest expense withdrawn at the time of the cancellation during the accounting period to the balance at the end of the period recorded as interest expense in the Trust Property shall be recorded.

#### (5) Trustee Fees

Based on the terms and conditions of the Contract, the trust fees to be paid from the Trust Property to the trustee shall be recorded daily. However, among unit type investment trusts, those for which the contract stipulates when to record such amount shall be recorded on the day specified.

#### (6) Consignor Fees

The trust fees to be paid from the Trust Property to the consignor based on the terms and conditions of the Contract, shall be recorded daily. However, among unit type investment trusts, those for which the Contract stipulates the time to record such amount shall be recorded on the day specified.

#### (7) Losses on Early Cancellation

The difference between the initial issue value and cancellation value of beneficiary certificates subject

to partial cancellation shall be recorded as income paid from the Trust Property to the consignor upon execution of partial cancellation by consignor. However, for open investment trust for the purpose of investment in public and corporate bonds, the amount calculated based on the provisions of Article 59, Paragraph 2 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal amount is to be decreased in accounting processes in accordance with the execution of partial early cancellation.

(8) Additional Trust Losses

The amount to be treated as a loss of Trust Property in connection with the additional trust of the principal, and the difference between the amount of the additional trust and such principal amount shall be recorded. The time to record the amount thereof shall be the date on which such principal is additionally entrusted.

(9) Other Foreign Currency Expenses

The amount of miscellaneous expenses and miscellaneous losses incurred with respect to foreign currency-denominated assets held by the Trust Property shall be recorded.

(10) Other Expenses

The amount of miscellaneous expenses and miscellaneous losses incurred concerning the Trust Property shall be recorded.

(11) Dividends

The amount of dividends of the Trust Property shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(12) Amount of Reserve for Stock Price Fluctuations

The amount of reserve for stock price fluctuations calculated based on the terms and conditions of the Contract shall be recorded. The time for recording such amount shall be the date stipulated in the Contract.

(13) Amount of Reserve for Value Fluctuations

The amount of reserve for value fluctuations calculated based on the terms and conditions of the Contract shall be recorded. The time for recording such amount shall be the date stipulated in the Contract.

(14) Amount of Reserve for Dividends

The amount of reserve for dividends for the current accounting period calculated based on the provisions of Article 55, Paragraph 1, Items 4 and 5, and Article 56, Item 4 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(15) Revenue Adjustment (amount equivalent to loss on trading of securities)

The amount of loss equivalent to the loss on trading of securities out of the revenue adjustment calculated based on the provisions of Article 57 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal is additionally entrusted.

(16) Revenue Adjustment (other revenue adjustment)

The amount of loss of any other revenue adjustment out of the revenue adjustment calculated based on

the provisions of Article 57 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal is additionally entrusted.

(17) Valuation Loss Adjustment Account

The amount of the valuation loss adjustment account calculated based on the provisions of Article 57 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal amount is to be decreased in accounting processes in accordance with the execution of partial early cancellation.

(18) Compensation Amount of Deficit Carried Forward

The amount to be compensated for the deficit carried forward shall be recorded based on the provisions of Article 55, Paragraph 1, Items 4 to 6 of the Accounting Rules. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(19) Current Deficit

The amount of current deficit calculated based on the provisions of Articles 56, 58 and 63 of the Accounting Rules shall be recorded.

Article 6 Profit

The account titles for revenues specified in the By-laws stipulated in Article 15, Paragraph 2 of the Rules shall be the titles specified in the following items, and the amount specified in each item shall be recorded at the time specified in each item.

(1) Gain on Securities Transactions

For securities, etc., of the Trust Property, if any of the following applies, the amount shall be recorded at the time specified in each item.

(a) When securities, etc. held by the Trust Property are sold, the amount of profit shall be recorded as the difference between the book value and the sale value of such sold securities, etc., (excluding brokerage commissions for sales and transaction taxes on securities, etc., and excluding accrued interest and prepaid accrued interest on interest-bearing bonds and accrued interest on the period from the time of acquisition to the sale of discount bonds) shall be recorded as the amount for profit.

The time to record the amount thereof shall be the date on which the sales agreement was made.

(b) in cases where securities, etc., held by the Trust Property have been redeemed, the difference between the book value of such securities, etc., and the redemption value (accrued interest receivable for the period from the time of acquisition of the discount bonds to the time of sale shall not be included in such redemption value) shall be recorded as the amount of profit for the Trust Property.

The time to record the amount thereof shall be the redemption date.

(c) When securities, etc., held by the Trust Property of an open investment trust are revalued based on the provisions of Article 55, Paragraph 1, Item 1 of the Accounting Rules and profits are accrued from such revaluation, the amount equivalent to the valuation gain on such securities, etc. and the amount included in the valuation gain adjustment account (excluding the amount included in the valuation gain on futures transactions, etc.) shall be recorded. The time to record the amount thereof

shall be the last day of the accounting period as stipulated in the Contract.

(d) In the event that the securities, etc., held by the Trust Property of the mother fund are revalued based on the provisions of Article 62 of the Accounting Rules and there is profit, the amount equivalent to the valuation profit on the said securities, etc., shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(2) Gains on Futures Transactions, etc.

For futures transactions or option transactions, etc. by the Trust Property, if any of the following applies, the amount shall be recorded at the time specified in each item.

(a) In the case of Reverse Transaction of any transaction subject to futures transaction or option transaction, the amount of profit to the Trust Property shall be recorded as the difference between the book value of the subject of the transaction and the value of the Reverse Transaction. (The cost required for such transaction shall be adjusted by adding or subtracting.) The time to record the amount thereof shall be the date on which the Reverse Transaction agreement was made.

(b) If delivery is made with contracts for difference in futures transactions, the difference between the book value of the subject of such transactions and the settlement value thereof which is the amount of profit to the Trust Property shall be recorded. The accounting period for recording such amount shall be the date of delivery settlement.

(c) If delivery is made through settlement in kind in futures transactions, the difference between the futures purchase account and the accounts payable for futures transactions and the difference between the futures sales account and the accounts receivable for futures transactions which are the amount of profit to the Trust Property shall be recorded. The time to record the amount thereof shall be the next business day after delivery settlement.

(d) In the event in which rights are exercised, rights are not exercised, or obligations are terminated in relation to option transactions, the amount equivalent to the profit for Trust Property shall be recorded at the book value of such option which is equivalent to the amount corresponding to such exercise or non-exercise of such rights, or termination of such obligations. The time to record the amount thereof shall be the date of exercise of such rights, or for non-enforcement, the date of termination of such obligation.

(e) In the event that any profit arising from revaluation of the transactions subject to futures transactions or option transactions, etc., the amount equivalent to such valuation gain and the valuation gain adjustment account included as valuation profit adjustment for futures transactions, etc., shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(f) At the time of interim settlement or termination of the contract pertaining to swap transaction, the difference between the book value of the subject of such transaction and the settlement value thereof shall be recorded as the amount of profit of the Trust Property. The time to record the amount thereof shall be the date the contract for premature settlement is established or the date of termination of the contract.

(g) In the event that profits are earned through revaluation of the Trust Property of an open investment

trust in swap transactions, forward rate transactions, forward currency transactions and non-deliverable forward transactions pursuant to the provisions of Article 55, Paragraph 1, Item 1 of the Accounting Rules, the amount equivalent to the valuation gain of said swap transaction, forward rate transaction, forward currency transaction and the amount recorded in the valuation gain adjustment account shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(3) Profit and Loss on Buying and Selling of Securities, etc.

In preparing the Profit and Loss Statement, the amount obtained by adding the cumulative amount of the profit and loss on buying and selling of securities, etc., which has been withdrawn at the time of cancellation during the period to the balance at the end of the period for profit and loss on trading of securities, etc., shall be recorded. In the case of the unit type, the amount calculated by adding (subtracting) the amount obtained by subtracting the valuation profit and loss on trading of securities, etc. at the end of the previous accounting period from the valuation profit and loss on trading of securities, etc. at the end of the current accounting period shall be recorded.

(4) Profit and Loss on Derivative Transactions, etc.

In preparing the Profit and Loss Statement, the amount obtained by adding the cumulative amount of the profit and loss on derivative transactions, etc., withdrawn at the time of cancellation during the accounting period to the balance at the end of the period for the profit and loss on derivative transactions, etc., shall be recorded. In the case of a unit type, the amount obtained by adding (subtracting) the amount obtained by deducting the valuation profit and loss on derivative transactions, etc., at the end of the previous accounting period from the valuation profit and loss on derivative transactions, etc., at the end of the current period shall be recorded.

(5) Dividend Income

Dividends on profits held by the Trust Property shall be recorded. The time to record the amount thereof shall be the day on which the ex-dividend stocks are purchased or sold.

For investment trust beneficiary certificates, the amount of dividends shall be recorded. The time to record the amount thereof shall be the day on which the ex-dividend investment trusts are purchased or sold.

In preparing the Profit and Loss Statement, the amount obtained by adding the cumulative amount of dividend income withdrawn at the time of cancellation during the period to the balance of dividend income at the end of the accounting period shall be recorded.

(6) Dividend Stocks

In the case of stock dividends pertaining to shares held by the Trust Property, if the quantity of such dividends is fixed, the face value or the issue value equivalent to the total amount of dividends shall be recorded, and if the amount of dividends is not fixed, the face value or the issue value equivalent to 90% or less of the expected amount of dividends shall be recorded. The time to record the amount thereof shall be the day on which the ex-dividend stocks are purchased or sold.

In preparing the Profit and Loss Statement, the amount calculated by adding the cumulative amount of dividend stocks withdrawn at the time of cancellation during the accounting period to the balance of

dividend stocks at the end of the period shall be recorded.

(7) Interest Income

The interest received on deposits, money trusts, call loans, discount bills, and other securities, as well as the accrued interest on interest-bearing bonds (including investment corporation bonds) or discount bonds (including investment corporation bonds) after the date of ownership of the Trust Property and the receivable swap interest rates on swap transactions shall be recorded daily. In addition, the amount received for settlement amount of forward rate transactions and forward currency transactions shall be recorded on the fixed date.

In preparing the Profit and Loss Statement, the amount calculated by adding the cumulative amount of interest income withdrawn at the time of cancellation during the accounting period to the balance of interest income at the end of the period shall be recorded.

(8) Foreign Exchange Gains and Losses

In preparing the Profit and Loss Statement, the amount of other foreign currency revenues less other foreign currency expenses at the end of the period shall be recorded.

(9) Gain on Cancellation

The amount to be compensated for a part of the loss incurred in the Trust Property due to the execution of partial cancellation by the consignor shall be the difference between the initial issue value and the cancellation value of the beneficiary certificates subject to partial cancellation. However, for open investment trusts for the purpose of investing in public and corporate bonds, the amount calculated based on the provisions of Article 60, Paragraph 2 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal amount is to be decreased in accounting processes in accordance with the execution of partial early cancellation.

(10) Gain on Additional Subscriptions

The amount to be treated as the profit of the Trust Property associated with the additional trust of the principal, and the difference between the amount of the additional trust and the initial principal amount shall be recorded. The time to record the amount thereof shall be the date on which such principal is additionally entrusted.

(11) Other Foreign Currency Revenue

Miscellaneous revenue and miscellaneous income arising from assets denominated in foreign currencies held by the Trust Property shall be recorded.

(12) Other Revenue

Charges for securities lent and miscellaneous income and revenue arising from Trust Property shall be recorded.

(13) Reversal Amount of Reserve for Stock Price Fluctuations

The amount of any reversal of reserve for stock price fluctuations based on the terms and conditions of the Contract shall be recorded. The time for recording such amount shall be the day specified in the Contract or in the event of a partial cancellation, the day on which the reduction in principal is processed in accounting with the execution of such cancellation.

(14) Reversal Amount of Reserve for Value Fluctuations



The amount of reserve for value fluctuations reversed based on the terms and conditions of the Contract shall be recorded. The time for recording such amount shall be the day specified in the Contract or in the event of a partial cancellation, the day on which the reduction in principal is processed in accounting with the execution of such cancellation.

(15) Revenue Adjustment (amount equivalent to gain on securities transactions)

The amount of profit equivalent to gain on securities transactions among the revenue adjustments calculated based on provisions of Article 57 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal is additionally entrusted.

(16) Revenue Adjustment (other revenue adjustment)

The amount of profit of any other revenue adjustment out of the revenue adjustment calculated based on the provisions of Article 57 of the Accounting rules shall be recorded. The time to record the amount thereof shall be the date on which the principal is additionally entrusted.

(17) Valuation Gain Adjustment Account

The amount of the valuation gain adjustment account calculated based on provisions of Article 57 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the date on which the principal amount is to be decreased in accounting processes in accordance with the execution of partial early cancellation.

(18) Reversal Amount of Reserve for Dividends

The amount of any reversal of reserve for distribution based on the provisions of Article 55, Paragraph 1, Item 6 of the Accounting Rules shall be recorded. The time to record the amount thereof shall be the last day of the accounting period as stipulated in the Contract.

(19) Current Income

The amount of the current income calculated based on the provisions of Article 56, Article 58 and Article 63 of the Accounting Rules shall be included.

#### Article 7 Account Titles in the Profit and Loss Statement

In preparing the Profit and Loss Statement, in addition to the titles specified in Articles 5 and 6, the titles specified in the following items shall be established, and the amount specified in each item shall be recorded in the titles.

(1) Current Profit Dividends or Current Loss Dividends Due to Early Cancellation

In preparing the Profit and Loss Statement of an open investment trust, the accumulated amount of dividends distributed as profits or losses, profit and loss on buying and selling of securities, etc., and valuation profit and loss adjustment accounts arising from early cancellation during the accounting period shall be recorded.

(2) Opening Surplus or Opening Deficit

In preparing the Profit and Loss Statement, the amount recorded as the ending surplus in the previous accounting period shall be recorded.

(3) Increase or Decrease Due to Additional Trusts for the Current Period

In preparing the Profit and Loss Statement, the accumulated amount of revenue adjustments associated

with the additional trust during the period shall be recorded. For the mother fund, the accumulated amount of profit and loss on additional trust during the period shall be recorded.

(4) Increase or Decrease Due to Early Cancellation during the Current Period

In preparing the Profit and Loss Statement, the accumulated amount of revenue adjustment, reserve for dividends and loss carried forward due to early cancellation during the accounting period shall be recorded. In addition, for unit type securities investment trusts and mother fund beneficiary securities, the accumulated amount of profit and loss due to early cancellation during the accounting period shall be recorded.

Article 8 Form for Supplementary Schedules

The form of supplementary schedules provided in Article 25, Paragraph 2 of the Rules shall be the form specified in the following items with respect to the supplementary schedules specified in the items:

- (1) Schedule of Short Sale Securities: Appended Form 1
- (2) Schedule of Accounts Receivable: Appended Form 2
- (3) Unit Type Distributable Amount Statement: Appended Form 1 stipulated in Article 11 of the By-laws on the “Rules concerning Valuation and Accounting of Investment Trust Property” (hereinafter referred to as the “By-laws on Valuation, etc.”) (the name of such form shall be replaced with “Unit Type Distributable Amount Statement.”)
- (4) Additional Type Dividends Statement: Appended Form 2 stipulated in Article 12 of the By-laws on Valuation, etc.
- (5) Status of Transactions with Interested Parties, etc.: Appended Form 3

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on May 19, 2005.

Supplementary Provision

This amendment shall come into effect on January 20, 2006.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provision

This amendment shall come into effect on January 11, 2007.

Supplementary Provisions

This amendment shall come into effect from the newly recorded accrued dividend receivable from July 1, 2007.

Accrued dividends receivable already recorded on the effective date shall be applied from those renewed on and after the effective date.

[Reference]

Provisions applicable until June 30, 2007: Article 6

(5) Dividend Income

The amount of dividend on profits pertaining to shares held by Trust Property shall be recorded if the amount has been determined, or shall be recorded if not determined, in an amount equivalent to 90% of the expected dividend amount.

The time to record the amount thereof shall be the day on which the ex-dividend stocks are purchased or sold.

For investment trust beneficiary certificates, the amount of dividends shall be recorded. The time to record the amount thereof shall be the day on which the ex-dividend investment trusts are purchased or sold.

In preparing the Profit and Loss Statement, the amount obtained by adding the cumulative amount of dividend income withdrawn at the time of early cancellation during the period, to the balance of dividend income at the end of the period shall be recorded.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provisions

This amendment shall come into effect on September 30, 2007.

However, any documents specified in Article 8, Item 1 prior to the amendment intended for the calculation period whose preparation commenced prior to the implementation date, the provisions then in force may remain applicable.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

#### Supplementary Provision

This amendment shall come into effect on December 21, 2007.

#### Supplementary Provision

This amendment shall come into effect from the date on which the Option Certificates, etc., are listed on the Osaka Securities Exchange, Inc.

Provided, however, with regard to investment Trust Property for which the calculation period commenced prior to the implementation date, the provisions then in force may remain applicable.

#### Supplementary Provisions

This amendment shall come into effect on January 16, 2009.

Provided, however, that short-term commercial and industrial bonds stipulated in Article 38 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) shall be deemed to be short-term corporate bonds stipulated in Article 2, Item 21.

#### Supplementary Provision

This amendment shall come into effect on March 19, 2009.

#### Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Article 2, Items 12 and 48

#### Supplementary Provisions

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

#### Supplementary Provisions

This amendment shall come into effect on September 12, 2019.

\* Amendment of the deviation, etc. of the provisions due to partial amendment of the “Rules concerning Valuation and Accounting of Investment Trust Property” (Amended to move Article 63 to Article 56, etc.)

#### Supplementary Provisions

This amendment shall come into effect on January 1, 2021.

\* New establishment of Article 2, Item 1 (34) (g)

### Schedule of Short Sale Securities

(Unit: )

Issue	Short sale securities				Remarks
	Face value of	Book value	Valuation	Valuation	

### Schedule of Accounts Receivable

(Unit: )

Description	Scheduled date of income	Issue	Quantity	Amount	Remarks
Total					

Status of Transactions with Interested Parties, etc.

From (YYYY/MM/DD)

To (YYYY/MM/DD)

Division	Transaction amount, etc.					
	Purchase amount, etc.	Of which, the amount of transactions with interested parties B	$\frac{B}{A}$	Sales amount, etc.	Of which, the amount of transactions with interested parties D	$\frac{D}{C}$
	A		A	C		C
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Stock certificates						
Stock options certificates (Warrant certificates)						
Option Certificates, etc.						
Public and corporate bonds						
Corporate bonds with stock options (Convertible bonds)						
Corporate bonds with stock options (Corporate bonds with						
Other securities						
Stock futures transactions						
Stock option transactions						
Bond futures transactions						
Bond option transactions						
Other futures transactions						
Other option transactions						
Deposits						
Negotiable certificates of deposits						
Money trusts						
Others						

# Rules for Valuation and Accounting of Investment Trust Properties

Established on March 19, 2004  
Revised on July 16, 2004  
Revised on November 19, 2004  
Revised on March 18, 2005  
Revised on November 18, 2005  
Revised on January 20, 2006  
Revised on May 24, 2006  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on December 21, 2007  
Revised on March 21, 2008  
Revised on July 18, 2008  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on April 24, 2009  
Revised on September 16, 2009  
Revised on January 21, 2010  
Revised on March 18, 2010  
Revised on December 20, 2012  
Revised on November 20, 2014  
Revised on July 16, 2015  
Revised on December 21, 2017  
Revised on March 11, 2021

## Part 1 General Provisions

### Article 1 Purpose

The purpose of these Rules is to aid in protecting investors by optimizing the valuation and accounting of trust property through the establishment of valuations and accounting methods for incorporated assets in investment trust property (hereinafter referred to as “Trust Property”) and the establishment of calculations, etc., for the Base Value for beneficiary certificates (including book-entry transfer beneficial interest in an investment trust; the same shall apply hereinafter).

## Part 2 Valuation of Incorporated Assets

### Chapter 1 General Provisions

#### Article 2 Duty of Loyalty and Duty of Due Care of the Management Company

The settlor company of an investment trust (meaning a settlor company of an investment trust as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as the “Investment Trust Act”), hereinafter referred to as the “Management Company”) shall conduct such business with loyalty and the due care of a prudent manager for the beneficiaries in valuations of incorporated assets for Trust Properties (hereinafter referred to as the “Incorporated Assets”).

#### Article 3 Principles for Valuations of Incorporated Assets

The following matters shall be observed in valuations of Incorporated Assets:

- (1) In principle, valuations of Incorporated Assets shall be conducted using market value (meaning the



price that would be received through the sale of assets or the price that would be paid for the transfer of liabilities in such transactions assuming that orderly transactions are carried out between market participants on the calculation date) in accordance with accounting standards for calculating market value.

- (2) Continuity shall be the acting principle for valuations of Incorporated Assets.
- (3) When a price furnished by a third party is used in valuations of Incorporated Assets, the validity, rationality, etc., of using said price in valuations shall be periodically and continuously verified within the company. The Management Company shall also maintain an internal system necessary for verification.
- (4) When the Management Company determines it to be difficult to base valuations of Incorporated Assets on the provisions set forth in the respective Articles in these Rules, the Management Company shall make a valuation at a price deemed appropriate by the Management Company in accordance with accounting standards for calculating market value. In this case, however, the background to arrive at the decision, the method for calculating the price, internal procedures, etc., shall be recorded in writing (including electronic files) and stored for 7 years.

#### Article 4 Maintaining the Management Company's Internal System

The Management Company shall maintain an internal system and endeavor to ensure the reliability of valuations of Incorporated Assets.

#### Article 5 Disclosure of Valuation Methods, etc.

The valuation methods and the appraised value of Incorporated Assets shall in principle be disclosed.

### Chapter 2 Valuation of Stocks

#### Article 6 Valuation of Stocks Listed on Domestic Exchanges

1. Stocks listed on a domestic financial instruments exchange (meaning a financial instruments exchange as defined in Article 2, Paragraph 16 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the "FIEA"), hereinafter an "Exchange") shall in principle be valued at the Exchange's final market price on the calculation date.
2. Stocks listed on two or more Exchanges shall be valued as provided for in the following items:
  - (1) Stocks listed on two or more Exchanges that include the Tokyo Stock Exchange (excluding stocks newly listed on the Tokyo Stock Exchange which have been previously listed on a different Exchange and for which the Exchange for valuation (meaning the Exchange which will provide valuation using that Exchange's final market price, etc.; the same shall apply hereinafter) has not been changed by the Self-Regulation Committee since being listed on the Tokyo Stock Exchange) shall be valued at the final market price on the Tokyo Stock Exchange on the calculation date.

Provided, however, that if any Exchange other than the Tokyo Stock Exchange is deemed to be appropriate for valuation using that Exchange's final market price, etc. considering transaction volume

and the number of days for which a price was attached by the Self-Regulation Committee (hereinafter, the “Pricing Days”), valuation shall be conducted using the final market price of the other Exchange on the calculation date.

- (2) Stocks listed on two or more Exchanges that do not include the Tokyo Stock Exchange (excluding stocks newly listed on an Exchange which have been previously listed on a different Exchange and for which the Exchange for valuation has not been changed by the Self-Regulation Committee since being listed on said Exchange) shall be valued by the Self-Regulation Committee using the final market price, etc. on the calculation date of the Exchange for valuation as set forth in Article 7 of the Rules in consideration of the Pricing Days and transaction volume.
3. Stocks newly listed on two or more Exchanges including the Tokyo Stock Exchange shall be valued at the final market price on the Tokyo Stock Exchange on the calculation date, while stocks newly listed on two or more Exchanges that do not include the Tokyo Stock Exchange shall be valued at the final market price on the calculation date of the principal Exchange notified in connection with the new listing.

Provided, however, that if the Self-Regulation Committee designates a different Exchange as the Exchange for valuation for a stock in consideration of the regional structure, etc. of the shareholders of said stock, that stock shall be valued at the final market price, etc. on the calculation date of the designated Exchange.

4. Notwithstanding the provisions of the preceding two paragraphs, if there are unavoidable circumstances such as difficulties in convening a Self-Regulation Committee meeting, the head of the Self-Regulation Committee may determine the Exchange for valuation after consultation with other committee members, etc. In this case, the Association shall promptly report the details of the decision to the members of the Self-Regulation Committee and also notify the Management Company.

#### Article 7 Changing the Exchange for Valuation

1. The Self-Regulation Committee shall promptly investigate the Pricing Days, transaction volume, etc. for a domestic stock when an Exchange listing said stock has been added or when a member Management Company proposes that changing the Exchange for valuation is appropriate in light of the Pricing Days and transaction volume for said stock, and shall designate the exchange for valuation.

In the event that the Exchange for valuation for said stock is changed, the Association shall notify the Management Company of the newly determined Exchange for valuation (hereinafter referred to as the “New Exchange for Valuation”).

2. In the event that a stock’s issuing company submits an application for delisting to the Exchange for valuation that lists said stock, the New Exchange for Valuation shall be as follows and the Association shall notify the Management Company of the New Exchange for Valuation.
  - (1) If the stock is listed on one other Exchange in addition to the Exchange for valuation, then the other Exchange
  - (2) If the stock is listed on two or more Exchanges in addition to the Exchange for valuation and one of those is the Tokyo Stock Exchange, then the Tokyo Stock Exchange
  - (3) If the stock is listed on two or more Exchanges in addition to the Exchange for valuation and none are

the Tokyo Stock Exchange, then the principal Exchange that was notified for the new listing

3. When the Exchange for Valuation is changed pursuant to the provisions of the preceding two paragraphs, valuation shall be made using the final market price, etc. of the New Exchange for Valuation on the calculation date.
4. Notwithstanding the provisions in Paragraph 1, if there are unavoidable circumstances such as difficulties in convening a Self-Regulation Committee meeting, the head of the Self-Regulation Committee may determine the Exchange for valuation after consultation with other committee members, etc. In this case, the Association shall promptly report the details of its decision to the members of the Self-Regulation Committee.

#### Article 8 Stock Valuations without a Final Market Price on the Calculation Date

1. If a domestic stock has no final market price on an Exchange on the calculation date, the stock shall be valued using the final market price on the Exchange on the day nearest to the calculation date.
2. When an indicative quote on the calculation date for an Exchange declines by at least 10% compared to the final market price on the day nearest to the calculation date, notwithstanding the provision in the preceding paragraph, valuations shall use that indicative quote on the Exchange (when both an indicative bid price and indicative asked price are shown, the indicative bid price shall be used; the same shall apply hereinafter).

If continuing to use only the indicative quote from the day following the day of valuation using an indicative quote, then valuations shall be made using the indicative quote on the calculation date. If neither a final market price nor an indicative quote is available, the indicative quote from the day nearest to the calculation date shall be used.

3. If valuing using the final market price of the closest date is not reasonable due to reasons such as the indicative quote on the calculation date in an Exchange either reaches the low or high point for a stop order or shows significant fluctuations, the indicative quote may be used regardless of the provisions in the preceding two paragraphs. Valuations from an indicative quote in such cases shall be conducted according to the previous example with reference to similar cases from the past.

The provisory clause in the preceding paragraph shall apply *mutatis mutandis* to handling of all days following the day on which a valuation was conducted using that indicative quote.

4. If there is no final market price on the first day of trading of a new public stock, valuations shall use the indicative quote from the Exchange. Provided, however, that if such indications are buy quotes and are higher than the public offering price, those indications shall not be adopted.

The provisory clause in Paragraph 2 shall apply *mutatis mutandis* to the handling of all days following the day on which valuations were conducted using the indicative quote.

When the indicative quote is adopted, the Association shall notify the member Management Company thereof.

#### Article 9 Valuation of Stocks with Ex-rights Price, etc.

1. The provisions of Article 6, Paragraph 1 shall apply *mutatis mutandis* to valuations of old stocks and new

stocks when their stock subscription warrants expire (hereinafter referred to as “New and Old Stocks”), valuations of stocks when either their claims for dividends have expired or when their subscription rights to subsidiary shares have expired (hereinafter referred to as “Ex-Rights Stocks”), valuations of stocks once they have started trading following a reverse stock split (hereinafter referred to as “Stock With Trading Dates Starting Post-Merger”), and valuations of new stocks through a merger when said company merger goes into effect.

2. If there are no final market prices on the calculation date for New and Old Stocks, Ex-Rights Stocks, Stock with Trading Dates Starting Post-Merger, and new stocks through a merger, valuations shall be conducted using the respective indicative quote for each stock in the Exchange on the calculation date.

If there are no indicative quotes for the stocks in the Exchange, the stocks shall be valued at the price calculated using the calculation method stipulated in the By-laws (hereinafter referred to as the “Theoretical Price”) until either a final market price or indicative quote is established.

3. The price of said stock after the day following the day on which the stock is valued at an indicative quote based on the provision in the preceding paragraph shall be valued at the price set forth in one of the applicable items:
  - (1) When only the indicative quote is continuously available The indicative quote on the calculation date
  - (2) When no final market price or indicative quote exists The most recent indicative quote
4. If the indicative quote for such stock becomes available on any day after the day on which said stock was valued at the Theoretical Price in accordance with the provisory clause in Paragraph 2, that stock shall be valued using the indicative quote and the provisions in the preceding paragraph shall apply mutatis mutandis to valuations of that stock on the days after the day on which said stock was valued at that indicative quote.

\* Article 2 of the By-laws

\* Committee Resolution 1

#### Article 10 Valuation of Old and New Stocks with Ex-rights Price, etc. from the Same Issuing Company

If both old stock and new stock from the same issuing company have an ex-rights price, (meaning a market price that has stock subscription warrants or a market price that has lost the claim for dividends), then valuations for the old stock or new stock shall be carried out using the final market price or indicative quote of the other stock if either the old stock or the new stock does not have a final market price or indicative quote on the calculation date.

#### Article 11 Special Provisions for Valuation of New Stocks Subject to When-issued Transactions

1. Notwithstanding the provisions of Article 9, in the event of any of the following events, new stock subject to a when-issued transaction shall be valued at the price set forth in the respective items:
  - (1) If there is no final market price or indicative quote for the new stock and the final market price of the old stock has declined by 10% or more compared to the closest appraised value of the new stock (meaning the appraised value of the new stock on the business day nearest to the calculation date. The same applies to the rest of this article.), then the final market price of the old stock on the calculation date

shall be used

- (2) If the new stock does not have a final market price and only has an indicative quote and the final market price of the old stock has declined by 10% or more compared to the price valuation of the new stock based on the provisions of each Paragraph in Article 8, then the final market price of the old stock on the calculation date shall be used
2. The price of the said new stock after the business days following the day on which the stock is valued at the final market price of old stock based on the provisions in the preceding paragraph shall be valued at the price set forth in one of the applicable items:
    - (1) If the new stock has a final market price, then the final market price for that stock shall be used
    - (2) If the new stock only has an indicative quote, then the indicative quote for that stock shall be used. Provided, however, that if the final market price of the old stock on the calculation date has declined by 10% or more compared to the indicative quote of the new stock, then the final market price of the old stock on the calculation date shall be used
    - (3) If the new stock has neither a final market price nor an indicative quote, then its valuation price on the most recent day shall be used. Provided, however, that if the final market price of the old stock on the calculation date has declined by 10% or more compared to the valuation price, then the final market price for the old stock on the calculation date shall be used

Article 12 Deleted

Article 13 Valuation of Stock Scheduled to be Listed

Stock scheduled to be listed shall be valued at the indicative quote on the calculation date, and if no indicative quote on the calculation date exists, then the stock shall be valued using the indicative quote on the day nearest to the calculation date.

However, stock for which indicative quotes have not been announced shall be valued at their acquisition value.

Article 14 Valuation of Unlisted Stock

1. Unlisted stock (excluding stock scheduled to be listed) shall be valued using the indicative quote provided by Type I Financial Instruments Business Operators (meaning those engaged in Type I Financial Instruments Business as defined in Article 28, Paragraph 1 of FIEA; the same shall apply hereinafter), etc. and if no indicative quotes are provided on the calculation date, then the unlisted stock shall be valued using the indicative quote offered on the day nearest to the calculation date.
2. If one month has passed since the last day an indicative quote was announced and an indicative quote has still not been announced, the stock shall be valued at the lower of the most recent indicative quote or the price per share as calculated based on the net asset value of the most recently published fiscal year end until an indicative quote is announced.

Article 15 Valuation of Foreign Stock

1. Foreign stocks listed on a foreign Financial Instruments Market outside of Japan (meaning an Exchange as

defined in Article 2, Paragraph 8, Item 3 (b) of the FIEA; hereinafter an “Overseas Exchange”) shall in principle be valued at the Overseas Exchange’s final market price on nearest day known at the time of calculation.

2. Foreign stock listed in multiple countries shall in principle be valued at the final market price on the nearest day known at the time of calculation on the Exchange where the stock is listed with the presentation currency used at the time of acquisition (foreign stock acquired on a domestic Exchange shall use the final market price on the domestic Exchange on the calculation date).

However, if foreign stock is acquired in a country where that stock is not listed, it shall be valued at the final market price on the nearest day known at the time of calculation on an Overseas Exchange in a country where that foreign stock is listed.

3. Notwithstanding the provisions of the preceding two paragraphs, if there is no final market price on the calculation date, valuation shall use the final market price on the day nearest to that day.

Provided, however, that if the market value disappears as a result of a certain time having passed such as the suspension of trading or a devaluation of the indicative quote price only or if the Management Company determines that using the final market price on the nearest day is not appropriate, then the Management Company can proceed with a valuation using a appraised value that the Management Company accepts with reasonable grounds based on the duty of loyalty or a appraised value which both the Management Company and the Trustee accept with reasonable grounds after mutual consultation.

If there is no final market price on a domestic Exchange as of the calculation date for foreign stock acquired on a domestic Exchange (in principle, such foreign stock is limited to those listed on a major Exchange in its own country or other countries outside of Japan), the foreign stock shall be valued at the standard price on the calculation date as announced by the domestic Exchange.

4. Foreign Stock registered in a foreign over-the-counter market shall be valued at the final market price or the final indicative bid price quote on the nearest day known at the time of calculation in said foreign over-the-counter market.
5. The following unlisted or unregistered foreign stocks shall be valued at the prices set forth in the respective items:
  - (1) Stock scheduled to be listed and stock scheduled to be registered (limited to those confirmed in a prospectus, etc.) The indicative quote on the nearest day known at the time of calculation. However, stock with indicative quotes that have not been announced shall use the stock’s acquisition value.
  - (2) Unlisted stocks, stock subscription warrants, and stock purchase warrants assigned as shareholders or bondholders. The indicative quote on the nearest day known at the time of calculation. However, stock with indicative quotes that have not been announced shall use the stock’s acquisition value.
  - (3) Unlisted stock and unregistered stock not included in the preceding two items. Indicative quotes provided from Financial Instruments Business Operators (meaning Type I Financial Instruments Business Operators and corporation established under the laws of a foreign country and similar thereto; the same shall apply hereinafter), etc. However, those without an indicative quote announced on the calculation date shall use the closest indicative quote announced by Financial Instruments Business Operators, etc.

6. The provision in Article 14, Paragraph 2 shall apply mutatis mutandis to the valuation of unlisted stock and unregistered stock as defined in Item 3 above.

#### Article 15-2 Valuation of Depositary Receipts or Certificates of Deposit

The provisions of Article 6 through Article 15 shall apply mutatis mutandis to the valuation, etc. of Depositary Receipts or Certificates of Deposit that possess the characteristics of stocks (hereinafter referred to as “Depositary Receipts, etc.” in this Article). In this case, the term “stock” in Article 6, Article 8 through Article 10, and Article 15 shall be deemed to be replaced with “Depositary Receipts, etc.,” the term “the stock” in Article 6, Article 7, Article 9, and Article 15 shall be deemed to be replaced with “the Depositary Receipts, etc.,” the term “domestic stock” in Article 7 shall be deemed to be replaced with “domestic Depositary Receipts, etc.,” and the term “listed stock” in Article 7 shall be deemed to be replaced with “listed Depositary Receipts, etc.” In Article 9, the phrase “old stocks and new stocks when their stock subscription warrants expire (hereinafter referred to as “New and Old Stocks”)” shall be deemed to be replaced with “old Depositary Receipts, etc. and new Depositary Receipts, etc. when their stock subscription warrants expire (hereinafter referred to as “New and Old Depositary Receipts, etc.”), the phrase “valuations of stocks when either their claims for dividends have expired or when their subscription rights to subsidiary shares have expired (hereinafter referred to as “Ex-Rights Stocks”)” shall be deemed to be replaced with “valuations of Depositary Receipts, etc. when either their claims for dividends have expired or when their subscription rights to subsidiary shares have expired (hereinafter referred to as “Ex-Rights Depositary Receipts, etc.”)”; the term “New and Old Stocks” shall be deemed to be replaced with “New and Old Depositary Receipts, etc.”; the term “Ex-Rights Stocks” shall be deemed to be replaced with “Ex-Rights Depositary Receipts, etc.”; the phrase “valuations of stocks once they have started trading following a reverse stock split (hereinafter referred to as “Stock With Trading Dates Starting Post-Merger”)” shall be deemed to be replaced with “valuations of Depositary Receipts, etc. once they have started trading following a reverse split (hereinafter referred to as “Depositary Receipts, etc. With Trading Dates Starting Post-Merger”); the term “new stocks through merger” shall be deemed to be replaced with “new Depositary Receipts, etc. through merger”; the term “Old Stock” in Article 10 and Article 11 shall be deemed to be replaced with “Old Depositary Receipts, etc.”; the term “New Stock” shall be deemed to be replaced with “New Depositary Receipts, etc.”; the term “the Old Stock” in Article 10 shall be deemed to be replaced with “the Old Depositary Receipts, etc.”; the term “Listed New Stock” in Article 11 shall be deemed to be replaced with “Listed New Depositary Receipts, etc.”; the term “the New Stock” in Article 11 shall be deemed to be replaced with “the New Depositary Receipts, etc.”; the term “stock scheduled to be listed” in Article 13 and Article 14 shall be deemed to be replaced with “Depositary Receipts, etc. scheduled to be listed”; the term “Unlisted Stock” in Article 14 and Article 15 shall be deemed to be replaced with “Unlisted Depositary Receipts, etc.” In Article 15, the term “foreign stock” shall be deemed to be replaced with “foreign Depositary Receipts, etc.”; the term “the foreign stock” shall be deemed to be replaced with “the foreign Depositary Receipts, etc.”; the term “unregistered stock” shall be deemed to be replaced with “unregistered Depositary Receipts, etc.”; and the term “stock scheduled to be registered” shall be deemed to be replaced with “Depositary Receipts, etc. scheduled to be registered.”

### Chapter 3 Valuation of Convertible Corporate Bonds and Stock Subscription Warrant Securities and Certificates, etc.

#### Article 16 Valuation of Domestic Convertible Corporate Bonds, etc.

1. The convertible corporate bonds listed on an Exchange and the certificates for corporate bonds with stock options (including certificates for bonds with stock options set forth in Article 341-3, Paragraph 1, Items 7 and 8 of the Old Commercial Code prior to the enforcement of the Companies Act) (hereinafter referred to as “Convertible Corporate Bonds, etc.”), which are the property set forth in Article 236, Paragraph 1, Item 3 of the Companies Act for bonds with stock options and for which it is specified in advance that such bonds and stock options may not exist independently, shall be valued at the final market price on the calculation date at the Exchange.
2. If there is no final market price for the Convertible Corporate Bonds, etc. on the calculation date but the indicative quote has been announced and the indicative quote is below the final market price on the nearest day, the bond, etc. shall be valued at the indicative quote notwithstanding the provisions in the preceding paragraph.
3. The provisory clause in Article 8, Paragraph 2 hereof shall apply mutatis mutandis to valuations of such Convertible Corporate Bonds, etc. when only the indicative quote exists on or after the day following the day on which a valuation takes place using the indicative quote on the calculation date and when there is no final market price and indicative quote.
4. Notwithstanding the provisions of the preceding three paragraphs, Convertible Corporate Bonds, etc. may be valued at any of the prices set forth in the following items in consideration of the pricing status of said Convertible Corporate Bonds, etc. at the Exchange.

However, in the event that the Management Company either cannot obtain the appraised value of the Convertible Corporate Bonds, etc. in spite of sufficient efforts to obtain the appraised value in accordance with the duty of loyalty set forth in Article 2 or in the event that they cannot recognize the obtained appraised value as the market value, the Management Company shall evaluate the convertible corporate bonds, etc. using either the appraised value the Management Company considers as the market value with reasonable grounds in accordance with the duty of loyalty or the appraised value the Management Company and the Trustee consider as the market value with reasonable grounds after mutual consultation:

- (1) Reference statistics (average value) for trading published by the Japan Securities Dealers Association
- (2) Prices (excluding an indicative asked price quote) provided by Financial Instruments Business Operators, Banks, etc.
- (3) Value provided by price information companies

#### Article 17 Deleted

#### Article 18 Valuation of Foreign Convertible Corporate Bonds, etc.



1. Foreign Convertible Corporate Bonds, etc. shall be valued at one of the values set forth in the following items:
  - (1) Reference statistics (average value) for trading published by the Japan Securities Dealers Association
  - (2) Prices (excluding an indicative asked price quote) provided by Financial Instruments Business Operators, Banks, etc.
  - (3) Value provided by price information companies
2. In the event that the Management Company cannot obtain an appraised value for the foreign Convertible Corporate Bonds, etc. in spite of sufficient efforts to obtain the appraised value in accordance with the duty of loyalty set forth in Article 2 or in the event they cannot recognize the obtained appraised value as the market value, the Management Company shall evaluate the foreign Convertible Corporate Bonds, etc. using either the appraised value the Management Company considers as the market value with reasonable grounds in accordance with the duty of loyalty or the appraised value the Management Company and the Trustee consider as the market value with reasonable grounds after mutual consultation.

Article 19 Valuation of Stock Subscription Warrant Securities, Stock Option Certificates, and Investment Equity Option Certificates

1. Stock subscription warrant securities, stock option certificates, and investment equity option certificates issued in Japan (hereinafter referred to as “Stock Option Certificates, etc.”) shall be valued at their acquisition value until they are listed on an Exchange, and after being listed on an Exchange they shall be valued at the final market price on the calculation date at the Exchange.

The provisions in Article 8 shall apply mutatis mutandis to the valuation of such Stock Option Certificates, etc. in the event that there is no final market price on the calculation date at the Exchange.

2. Stock Option Certificates, etc. issued overseas and which are listed on Overseas Exchanges shall be valued at the final market price at the Overseas Exchange on the nearest day known at the time of calculation.
3. Unlisted Stock Option Certificates, etc. issued overseas shall be valued as set forth in the following items:
  - (1) Stock Option Certificates, etc. scheduled to be listed shall be valued using indicative quotes. However, Stock Option Certificates, etc. for which the indicative quote has not been announced shall be valued at their acquisition value.
  - (2) The provisions of Article 21 shall apply mutatis mutandis to the valuation of unlisted Stock Option Certificates, etc. not provided for in the preceding item. In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “Stock Option Certificates, etc.” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the Stock Option Certificates, etc.”

Article 19-2 Valuation of Option Certificates, etc.

1. The provisions of Article 19, Paragraph 1 shall apply mutatis mutandis to the valuation of option certificates, etc. issued in Japan (meaning securities or certificates representing rights relating to option

transactions as defined in Article 2, Paragraph 1, Item 19 of the FIEA, hereinafter referred to as “Option Certificates, etc.”) and the provisions in Article 21 shall apply mutatis mutandis to the valuation of unlisted Option Certificates, etc. In this case, the term “stock subscription warrant securities (warrants), stock option certificates, and investment equity option certificates (hereinafter referred to as “Stock Option Certificates, etc.”)” in Article 19, Paragraph 1 shall be deemed to be replaced with “Option Certificates, etc.”; the term “the Stock Option Certificates, etc.” in Article 19, Paragraph 1 shall be deemed to be replaced with “the Option Certificates, etc.”; the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Article 21, Paragraph 1 shall be deemed to be replaced with “Option Certificates, etc.”; and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the Option Certificates, etc.”

2. The provisions of Article 19, Paragraph 2 shall apply mutatis mutandis to the valuation of Option Certificates, etc. issued overseas, and the provisions of Article 19, Paragraph 3 shall apply mutatis mutandis to unlisted Option Certificates, etc. issued overseas. In this case, the term “Stock Option Certificates, etc.” in Paragraph 2 and Paragraph 3, Item 2 shall be deemed to be replaced with “Option Certificates, etc.”; the term “unlisted Stock Option Certificates, etc.” in the introductory clause of Paragraph 3 and Item 2 of the same Paragraph shall be deemed to be replaced with “unlisted Option Certificates, etc.”; the term “Stock Option Certificates, etc. scheduled to be listed” in Paragraph 3, Item 1 shall be deemed to be replaced with “Option Certificates, etc. scheduled to be listed”; and the term “the Stock Option Certificates, etc.” in Paragraph 3, Items 1 and 2 shall be deemed to be replaced with “the Option Certificates, etc.”

#### Article 20 Valuation of Stock Subscription Warrant Securities, etc.

1. Stock Subscription Warrant Securities purchased during regular trading periods shall be valued at the final market price at the Exchange on the calculation date until the final day of regular trading.
2. Stock subscription warrants acquired through tender offers shall be valued as New Stocks at book value (the successful bid price plus commission fees and the paid-in amount).

### Chapter 4 Valuation of Public and Corporate Bonds, etc.

#### Article 21 Valuation of Public and Corporate Bonds

1. Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”) shall be valued at any of the prices set forth in the following items:
  - (1) Reference statistics (average value) for trading published by the Japan Securities Dealers Association
  - (2) Prices (excluding an indicative asked price quote) provided by Financial Instruments Business Operators, Banks, etc.
  - (3) Value provided by price information companies
2. In the event that the Management Company cannot obtain a appraised value for the Public and Corporate Bonds, etc. in spite of sufficient efforts to obtain the appraised value in accordance with the duty of loyalty

set forth in Article 2 or in the event they cannot recognize the obtained appraised value as the market value, the Management Company shall evaluate the Public and Corporate Bonds, etc. using either the appraised value the Management Company considers as the market value with reasonable grounds in accordance with the duty of loyalty or the appraised value the Management Company and the Trustee consider as the market value with reasonable grounds after mutual consultation.

\* Article 3 of the By-laws

#### Article 22 Valuation by Amortized Cost Method

In the event that the Management Company determines that price fluctuations of Public and Corporate Bonds, etc. to be redeemed or matured within one year from the purchase contract date (including Public and Corporate Bonds, etc. with a redemption date or maturity date anniversary in the previous year and excluding commercial papers as defined in Article 3, Item 7 of the By-laws) are limited, that the valuation by the amortized cost method specified in the By-laws is reasonable, and that the Public and Corporate Bonds, etc. will not harm the interests of the beneficiaries, the Public and Corporate Bonds, etc. may be valued by adding or subtracting the amount calculated via the method specified in the By-laws.

However, when there is a discrepancy between the market value and the appraised value and it is judged necessary to calculate the appropriate the Base Value, the market value shall be promptly revalued.

\* Article 4 of the By-laws

#### Article 23 Special Provisions for MMF, etc.

Notwithstanding the provisions in the preceding two Articles, valuations of incorporated Public or Corporate Bonds in general account funds for MMF and securities shall be conducted in accordance with the Rules for Operations of MMF, etc.

### Chapter 5 Valuation of Other Incorporated Assets

#### Article 24 Valuation of Beneficiary Certificates for Investment Trusts or Loan Trusts, etc.

1. With regard to the following beneficiary certificates or investment securities (hereinafter referred to as “Beneficiary Certificates, etc.”), the provisions of Article 6 through Article 11 and Article 13 shall apply mutatis mutandis to the valuation of Beneficiary Certificates, etc. listed on domestic Exchanges, and the provisions of Article 15, Paragraph 1 through Paragraph 4 shall apply mutatis mutandis to the valuation of Beneficiary Certificates, etc. listed on overseas Exchanges. In this case, the term “stock” in Article 9 through Article 11 shall be deemed to be replaced with “Beneficiary Certificates, etc.”; the term “old stock” shall be deemed to be replaced with “old Beneficiary Certificates, etc.”; the term “new stock” shall be deemed to be replaced with “new Beneficiary Certificates, etc.”; the term “new stocks through merger” in Article 9 shall be deemed to be replaced with “new investment securities through merger”; the term “listed new stock” in Article 11 shall be deemed to be replaced with “listed new Beneficiary Certificates, etc.”; the term “stock scheduled to be listed” in Article 13 shall be deemed to be replaced with “Beneficiary Certificates, etc. scheduled to be listed”; and the term “foreign stock” in Article 15 shall be deemed to be replaced with “foreign Beneficiary Certificates, etc.”

Provided, however, that valuations of open-end type Beneficiary Certificates, etc. listed on an Overseas Exchange (except listed investment trusts (meaning investment trusts as defined in Article 12, Items 1 and 2 of the Cabinet Order and listed securities investment trusts as defined in Article 9-4-2 of the Act on Special Measures Concerning Taxation); the same shall apply hereinafter) may be valued at the unit price published by the operating company, etc. for said Beneficiary Certificates, etc.

- (1) Beneficiary certificates of investment trusts or foreign investment trusts
  - (2) Investment securities of investment corporations or foreign investment corporations
  - (3) Beneficiary certificates for loan trusts (including those issued by foreign corporations which are of a similar nature.)
  - (4) Foreign Loan Trust Beneficiary Certificates
  - (5) Beneficiary certificates of trusts that issue beneficiary certificates (meaning beneficiary certificates of trusts that issue beneficiary certificates as defined in Article 2, Paragraph 1, Item 14 of the FIEA, including beneficial interests in loan trust (meaning beneficial interests of a cooperative financial institution as defined in Article 2, Paragraph 1 of the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions and Banks (Act No. 44 of 1993) and a trust that assigns loan claims of a financial institution or trust company listed in each item of Article 1-9 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) (limited to beneficiaries at the time of the contract for the trust who are also settlors), and rights to foreign entities that have the same nature as those rights from among the beneficiary certificates of trusts that issue beneficiary certificates as defined in Article 2, Paragraph 1, Item 14 of the FIEA) and designated money trusts (meaning beneficial interests to a money trust with a principal compensation contract as defined in Article 22, Paragraph 1, Item 2 of the enforcement regulations for the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000) from among the beneficiary certificates of trusts that issue beneficiary certificates as defined in Article 2, Paragraph 1, Item 14 of the FIEA))
  - (6) Certificates of Deposit or Depository Receipts for the Beneficiary Certificates, etc. set forth in the preceding five items
2. The provisions of Article 21 shall apply mutatis mutandis to the valuation of Beneficiary Certificates, etc. listed in the preceding paragraph which are not listed on an Exchange (hereinafter referred to as “Unlisted Beneficiary Certificates, etc.”). In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “Unlisted Beneficiary Certificates, etc.” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the Unlisted Beneficiary Certificates, etc.”

However, Unlisted Beneficiary Certificates, etc. described in Items 1 and 2 of the preceding paragraph may be valued at the Base Value published by operating company, etc. for the Beneficiary Certificates, etc.

#### Article 25 Valuation of Mother Fund Beneficiary Certificates

Mother Fund beneficiary certificates shall be valued using their Base Value.

#### Article 26 Valuation of Investment Securities, etc.

1. Investment securities issued by a corporation incorporated pursuant to a special Act (meaning investment securities as defined in Article 2, Paragraph 1, Item 6 of the FIEA ), preferred equity investment certificates as defined in the Act on Preferred Equity Investment by Cooperative Structured Financial Institution (Act No. 44 of 1993) (meaning preferred equity investment certificates as defined in Article 2, Paragraph 1, Item 7 of the FIEA ), and preferred equity investment certificates as defined in the Act on the Securitization of Assets or securities indicating a right to subscribe for preferred equity (meaning securities as defined in Article 2, Paragraph 1, Item 8 of the FIEA ) (hereinafter referred to as “Investment Securities, etc.”) which are listed on an Exchange shall be valued at the final market price on said Exchange on the calculation date.
2. The provisions of Article 21 shall apply mutatis mutandis to the valuation of Investment Securities, etc. not listed on an Exchange (hereinafter referred to as “Unlisted Investment Securities, etc.”). In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “Unlisted Investment Securities, etc.” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the Unlisted Investment Securities, etc.”
3. The provisions of the preceding two paragraphs shall apply mutatis mutandis to securities or certificates of a similar nature issued by foreign countries or foreign entities.

#### Article 27 Valuation of Financial Assets

The provisions of Article 21 shall apply mutatis mutandis to the valuation of deposits, call loans, domestic CDs, and other assets stipulated in the By-laws (hereinafter referred to as “Financial Assets”). In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “Financial Assets” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the Financial Assets.”

\* Article 5 of the By-laws

#### Article 28 Valuation, etc. of Market Derivatives Transactions

1. Market Derivatives Transactions listed on an Exchange (meaning Market Derivatives Transactions as defined in Article 2, Paragraph 21 of the FIEA and transactions related to commodities investment, etc., as defined in Article 3, Item 10, (a), (c) and (d) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000; hereinafter referred to as the “Cabinet Order”) conducted in the commodity markets shall be valued based on the settlement price or closing price published by the Exchange on the calculation date (hereinafter referred to as the “Settlement Price, etc.”).

When the delivery settlement is complete, the deliverable issue shall be valued from the day the deliverable issue was confirmed.

2. Foreign Market Derivatives Transactions listed on an Overseas Exchange (meaning Foreign Market Derivatives Transactions as defined in Article 2, Paragraph 23 of the FIEA and transactions related to commodities investment, etc., as defined in Article 3, Item 10, (a), (c) and (d) of the Cabinet Order conducted in the overseas commodity markets; hereinafter referred to as “Overseas Market Derivatives Transactions”) shall be valued at the Settlement Price, etc. or the final market price announced by the Overseas Exchange on the nearest day known at the time of calculation.
3. For Overseas Market Derivatives Transactions which are listed on two or more Overseas Exchanges and which can be traded between said Overseas Exchanges through a reversing trade, the Overseas Exchange to be used in valuations via the final market price (hereinafter referred to as the “Overseas Exchange for Valuation”) shall be determined with consideration of transaction volume, etc.

#### Article 29 Valuation of Over-the-Counter Transactions of Derivatives

1. Over-the-Counter Transactions of Derivatives that do not rely on Financial Instruments Market or foreign Financial Instruments Market (meaning Over-the-Counter Transactions of Derivatives as defined in Article 2, Paragraph 22 of the FIEA and transactions related to commodities investment, etc. as defined in Article 3, Item 10 of the Cabinet Order (excluding transactions related to commodities investment, etc. falling under Paragraph 1 and Paragraph 2 of the preceding article )) shall be valued at the price presented by the financial instruments business operator, bank, etc. or at the price provided by the price information company. When valuations use the price presented by the financial instruments business operator, bank, etc., then the valuation shall not use the indicative asked price quote.
2. In the event that the Management Company cannot obtain a appraised value for the Over-the-Counter Transactions of Derivatives in spite of sufficient efforts to obtain the appraised value in accordance with the duty of loyalty set forth in Article 2 or in the event they cannot recognize the obtained appraised value as the market value, the Management Company shall evaluate the Over-the-Counter Transactions of Derivatives using either the appraised value the Management Company considers as the market value with reasonable grounds in accordance with the duty of loyalty or the appraised value the Management Company and the Trustee consider as the market value with reasonable grounds after mutual consultation.

#### Article 30 Valuation of Margin Transactions

Margin transactions shall in principle be valued at the final market price on the calculation date for the Exchange of the issue associated with the margin transaction.

#### Article 31 Valuation of Mortgage Securities

The provisions of Article 21 shall apply mutatis mutandis to the valuation of mortgage securities. In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “mortgage securities” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the

same Article shall be deemed to be replaced with “the mortgage securities.”

#### Article 31-2 Valuations of Commodities

1. Commodities (meaning a commodity as defined in Paragraph 4, Article 2 of the Commodity Exchange Act (Act No. 239 of 1950)) which are listed on a commodity market (excluding those corresponding to transactions related to commodities investment, etc.) shall be valued at the final market price on the calculation date at the Exchange.

However, if the Management Company determines that it is not appropriate to use the final market price based on past trading volume, etc. of the commodity at the Exchange, the Management Company may conduct a valuation of the commodity in accordance with Paragraph 3.

2. Those listed on overseas commodity markets (excluding those corresponding to transactions related to commodities investment, etc.) shall be valued at the final market price of the overseas Exchange on the nearest day known on the calculation date.

However, if the Management Company determines that it is not appropriate to use the final market price based on past trading volume, etc. of the commodity at the Exchange, the Management Company may conduct a valuation of the commodity in accordance with Paragraph 3.

3. The provisions in Article 21 shall apply mutatis mutandis to the valuation of commodities not contained in the preceding items. In this case, the term “Government bonds, municipal bonds, and other securities described in the By-laws (hereinafter referred to as “Public and Corporate Bonds, etc.”)” in Paragraph 1 of the same Article shall be deemed to be replaced with “commodities” and the term “the Public and Corporate Bonds, etc.” in Paragraph 2 of the same Article shall be deemed to be replaced with “the commodities.”

### Chapter 6 Valuation of Assets Denominated in Foreign Currencies

#### Article 32 Valuation Rate for Assets Denominated in Foreign Currencies

1. The exchange rate to be used when converting assets denominated in a foreign currency to the Base Value displaying currency (meaning securities indicated in currencies other than the Base Value displaying currency (including Public and Corporate Bonds denominated in multiple currencies with interest and redemption displayed and paid in different currencies and in which either the interest or redemption is displayed or paid in a currency other than the Base Value displaying currency, hereinafter referred to as “Securities Denominated in a Foreign Currency”), deposits displayed in currencies other than the Base Value displaying currency, and other such assets) shall be valued at the rate calculated using the calculation method described in the By-laws based on the midpoint price (meaning the average of the buying price and the selling price; the same shall apply hereinafter) of the customer rate (meaning the market price in spot communications with customers) on the calculation date (hereinafter referred to as the “Cross Rate”).
2. In the event that customer rates are not published, transactions based on customer rates are suspended, or any other unavoidable circumstance occurs, the Self-Regulation Committee shall determine the Cross

Rate to be used in valuations.

3. Notwithstanding the provision of the preceding paragraph, if there are unavoidable circumstances such as difficulties in convening a Self-Regulation Committee meeting, the head of the Self-Regulation Committee may determine the Cross Rate after consultation with other Committee Members, etc. In this case, the Association shall promptly report the details of the decision to the members of the Self-Regulation Committee and also notify the Management Company.

\* Article 7 of the By-laws

\* Committee Resolution 2

### Article 33 Valuation of Foreign Exchange Reserve Transactions, etc.

1. Buying exchanges and selling exchanges (hereinafter referred to as “Reserve Exchanges”) pertaining to the buying and selling of foreign currency reserves for which the midpoint price of the customer’s futures price (meaning the customer’s futures price delivered on a fixed date of the month (meaning a fixed date of each month counted from the calculation date; the same shall apply hereinafter)) is announced on the calculation date shall be valued at the rate calculated using the calculation method set forth in the following items for the cases set forth respectively in those items:
  - (1) If the midpoint price of the customer’s futures price on the day the Reserve Exchanges are delivered (hereinafter referred to as “the Day”) is announced on the calculation date, valuations shall use the Cross Rate calculated using the calculation method set forth in the By-laws.
  - (2) If the midpoint price of the customer’s futures price on the Day has not been announced on the calculation date, valuations shall use the following rates:
    - (a) If the higher customer’s futures price on the calculation date compared to the price on the Day has been announced, the valuation rate shall be the value calculated by the calculation method set forth in the By-laws based on the customer’s futures price for the nearest day before or after the Day for which a customer’s futures price has been announced.
    - (b) If the higher customer’s futures price on the calculation date compared to the price on the Day has not been announced, the valuation rate shall be the midpoint price of the customer’s futures price announced on the day nearest the Day.
  - (3) Each adoption of the midpoint price of a corrected customer’s futures price in the event of a suspension of a transaction based on the customer’s futures price shall be decided by the Self-Regulation Committee.
  - (4) Notwithstanding the provision of the preceding item, if there are unavoidable circumstances such as difficulties in convening a Self-Regulation Committee meeting, the head of the Self-Regulation Committee may determine the midpoint price after consultation with other Committee Members, etc. In this case, the Association shall promptly report the details of the decision to the members of the Self-Regulation Committee and also notify the Management Company.
2. Foreign currency Reserve Exchanges for which the midpoint price of the customer’s futures price has not been announced on the calculation date shall be valued at the midpoint price of the customer rates on the calculation date.



\* Article 8 of the By-laws

\* Committee Resolutions 3 and 4

Article 34 Deleted

### Part 3 Accounting for Investment Trust Properties

#### Chapter 1 Accounting Processes

Article 35 Accounting for Stock Conversions of Convertible Corporate Bonds, etc.

Accounting processes when converting Convertible Corporate Bonds, etc., incorporated in Trust Properties into stock or in other situations as provided for in the By-laws shall be conducted in accordance with the methods set forth in the By-laws.

\* Article 9 of the By-laws

\* Committee Resolution 5

Article 36 Processes for Public and Corporate Bonds, etc. Involving Gensaki Transactions

1. The difference between the purchase price and the sell-back price (including the amount of the interim interest for interest-bearing bonds; the same shall apply hereinafter) of public and corporate bonds acquired through conditional sales shall be calculated on a per diem basis over the period starting on the day following the purchase delivery date until the sell-back date and recorded as daily accrued interest income.

For any transaction for which the sell-back date has not been fixed, an amount equivalent to one day's interest calculated via the rate for the transaction may be recorded as daily accrued interest income.

2. Notwithstanding the provisions of the preceding paragraph, the difference between the purchase price and the sell-back price for public and corporate bonds acquired through conditional sale in a performance-based distribution type investment trust (hereinafter referred to as a "Daily Settlement Open Type Public and Corporate Bond Investment Trust") settled on a daily basis that also operates as an open type investment trust for the purpose of investment in public and corporate bonds shall be calculated on a per diem basis over the period starting on the purchase delivery date until the day before the sell-back date and recorded as daily accrued interest income.

Article 37 Processes for Public and Corporate Bonds with Less Than 1 Year Remaining

1. Any amount added to or deducted from the book value of public and corporate bonds (including those which have come on the previous anniversary of the date of redemption; the same shall apply in Paragraph 2 below) to be redeemed within one year from the purchase contract date for Daily Settlement Open Type Public and Corporate Bond Investment Trusts under the provisions of Article 22 shall be recorded in the gains and losses of the trade.
2. Any amount added to or deducted from the book value of public and corporate bonds to be redeemed within one year from the purchase contract date for investments trusts that are not Daily Settlement Open

Type Public and Corporate Bond Investment Trusts under the provisions of Article 22 shall be recorded in the gains and losses of the trade for interest-bearing bonds and in the interest income for discount bonds.

Article 38 Processes for Financial Assets with Less Than 1 Year Remaining

For Financial Assets that mature within 1 year from the purchase contract date (including those whose previous anniversary of the maturity date has arrived), the difference between the acquisition value (For those whose previous anniversary of the maturity date has arrived, their acquisition value shall be the book value on the previous anniversary of the maturity date.) and the maturity price over the period from the day following either the delivery date of the purchase or the previous anniversary of the maturity date (If the corresponding date falls on a public holiday, then the business date after the holiday; the same shall apply in this article) shall be calculated on a per diem basis and the value obtained shall be recorded as daily accrued interest income.

Article 39 Additional Establishments, etc. of Family Funds

Accounting for Mother Funds and Baby Funds involving the establishment or early cancellation of said parent investment trust shall in principle be conducted using the application date based on the Base Value in the application (for investment trusts that collect assets retained in Trust Properties, the amount obtained by adding or deducting said retained value; hereinafter referred to as the “Base Value, etc.”) for establishment and conducted using the day after the application for early cancellations.

However, if an investment trust is established or cancelled early at the Base Value, etc. of the Mother Fund on the business day before the application date, additional establishment or termination processes shall be made on the application date.

Article 40 Processes Following Delisting, etc. of Bonds Incorporated in Property Accumulation Benefit Funds

If a bond incorporated in Property Accumulation Benefit Funds is delisted or loses its over-the-counter registration, it shall be revalued at the final market price on the day immediately preceding the date of delisting or deregistration, with the book value corrected to said appraised value and any loss or gain in value resulting from the revaluation calculated into profits or losses from the sale of securities.

Article 41 Accounting Processes for Special Business Taxes, etc. Involving Property Accumulation Benefit Funds

1. The amount equivalent to tax on the reserve provided in Article 157 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) shall be recorded on a per diem basis.
2. The amount to be recorded on a per diem basis in accordance with the preceding paragraph shall be processed as other expenses, and shall be recorded in other accrued expenses until payment thereof.

Article 42 Accounting Processes for Settlement of Accounts for Property Accumulation Benefit Funds

1. Notwithstanding the provisions in Article 55, Paragraph 1, Item 1 and Article 58, Paragraph 1, Item 1, book values shall not be revised during settlement of accounts for Property Accumulation Benefit Funds

due to revaluations of bonds incorporated in such investment trusts.

2. Losses and profits for the period pertaining to Property Accumulation Benefit Fund shall be carried over to the next period as a deficit or profit carried forward and any gains shall not be distributed.

## Chapter 2 Accounting of Assets Denominated in Foreign Currencies

### Article 43 Accounting of Assets Denominated in Foreign Currencies

1. Assets related to Trust Properties that are denominated in a foreign currency shall be processed separately from assets, liabilities, principals, gains, and losses in the Base Value displaying currency (hereinafter referred to as “Assets Denominated in Base Value Displaying Currency”).
2. Assets denominated in foreign currencies shall be processed using each account of such assets by each kind of currency. Securities Denominated in a Foreign Currency listed on Japanese Exchanges shall be accounted for separately as foreign currency denominated assets denominated in yen.
3. Currencies other than those displaying Base Value that are acquired with Assets Denominated in Base Value Displaying Currency (hereinafter referred to as “Foreign Currencies”) or Securities Denominated in a Foreign Currency shall be processed as Foreign currency fund accounts for foreign currency denominated assets and processed with the foreign investment accounts in Assets Denominated in Base Value Displaying Currency.

However, this provision shall not apply to transactions in which the amount of principal that serves as the basis for the swap interest pertaining to currency swap is exchanged at the beginning of the transaction and exchanged again at the end of the transaction.

### Article 44 Purchasing Foreign Currencies

The acquisition and sale of Foreign Currencies shall be handled as provided for in Article 60 and Article 61 of the Ordinance on Calculation of Investment Trust Property (Cabinet Office Ordinance No. 133 of 2000).

### Article 45 Buying and Selling Foreign Currency Reserves

1. When a Foreign Currency reserve is purchased, the amount of the reserve shall be recorded in the purchase exchange account and foreign exchange accounts payable for Assets Denominated in Base Value Displaying Currency.
2. When a Foreign Currencies reserve is sold, the amount of the reserve shall be recorded in the foreign exchange accounts receivable and sell exchange account for Assets Denominated in Base Value Displaying Currency.

### Article 46 Settlements for Buying and Selling Foreign Currency Reserves

When a Foreign Currency reserve transaction is settled, the difference between the purchase exchange account and the foreign exchange accounts payable or the difference between the foreign exchange accounts receivable and the sell exchange account for the transaction shall be recorded in either other foreign currency expenses or other foreign currency gains, and when settlement is conducted via any of the following methods, such settlement shall be made by the method set forth in the respective item:

- (1) Settlement by transfer of Foreign Currencies and Base Value Displaying Currency Shall be processed based on the provision in Article 44
- (2) Settlement by reversing trade Any loss or profits arising from such trade shall be recorded in other foreign currencies expenses or other foreign currencies gains

#### Article 47 Processes for Currency Swap Transactions

1. Among transactions in which the amount of principal that serves as the basis for the swap interest is exchanged at the beginning of the transaction and exchanged again at the end of the transaction shall be processed in the manner set forth in the following items with respect to the following transactions:
  - (1) Transactions that receive Foreign Currencies at the beginning of the transaction and pay Base Value Displaying Currency On the date the principal amount is exchanged, for assets denominated in Foreign Currencies, the deposit account, money trust account, or call loan account shall be replaced with the swap payment liability account and, for Assets Denominated in Base Value Displaying Currency, the swap receivable asset account shall be replaced with the deposit account, money trust account, or call loan account.
  - (2) Transactions that pay Foreign Currencies at the beginning of the transaction and receive Base Value Displaying Currency On the date the principal amount is exchanged, for assets denominated in Foreign Currencies, the swap receivable asset account shall be replaced with the deposit account, money trust, or call loan account and, for Assets Denominated in Base Value Displaying Currency, the deposit account, money trust account, or call loan account shall be replaced with the swap payment liability account.
  - (3) Transactions that pay Foreign Currencies at the end of the transaction and receive Base Value Displaying Currency On the date the principal amount is exchanged, for assets denominated in Foreign Currencies, the deposit account, money trust account, or call loan account shall be replaced with the swap payment liability account and, for Assets Denominated in Base Value Displaying Currency, the swap receivable asset account shall be replaced with the deposit account, money trust account, or call loan account.
  - (4) Transactions that receive Foreign Currencies at the end of the transaction and pay Base Value Displaying Currency On the date the principal amount is exchanged, for assets denominated in Foreign Currencies, the swap receivable asset account shall be replaced with the deposit account, money trust account, or call loan account and, for Assets Denominated in Base Value Displaying Currency, the deposit account, money trust account, or call loan account shall be replaced with the swap payment liability account.
2. The amount to be recorded for transactions described in the preceding paragraph shall be the amount of Foreign Currencies or Base Value Displaying Currency for the receipt or payment of the principal amount.

#### Article 48 Conversion of Foreign Currencies

1. Converting Foreign Currencies within the same investment Trust Property (meaning buying and selling between Foreign Currencies; the same shall apply hereinafter.) shall adhere to the processes prescribed in

- the following article for remittances when selling Foreign Currencies and for transfers when buying Foreign Currencies (meaning the purchase of Foreign Currencies using Base Value Displaying Currency).
2. The exchange rate to be used for calculating the amount to convert or the amount of Base Value Displaying Currency when Foreign Currencies are converted shall be the Cross Rate calculated under the provisions of Article 32 on the date the trade for this conversion was established.

#### Article 49 Processes for Remittances

Any deduction from each profit and loss account for assets denominated in Foreign Currencies when remittances occur (meaning sales of Foreign Currencies based on Base Value Displaying Currency) shall be processed as provided in the following items:

- (1) Deductions from a profit account shall be made in the following order:
  - (a) Dividend income
  - (b) Dividend stocks
  - (c) Interest income
  - (d) Other revenue
  - (e) Gains on securities transactions
  - (f) Gains on futures transactions, etc. (Futures Transactions, etc. mean derivative transactions as defined in Article 2, Paragraph 20 of the FIEA; the same shall apply hereinafter )
- (2) Deductions from a loss account shall be made in the following order:
  - (a) Interest expenses
  - (b) Losses on securities transactions
  - (c) Losses from futures transactions, etc.
  - (d) Other expenses

#### Article 50 Settlement Processes for Assets Denominated in Foreign Currencies

1. For assets denominated in Foreign Currencies, securities and other financial instruments, etc. (hereinafter referred to as "Securities, etc."), futures and option transactions, and swap transactions shall be revalued at the market value on the final day of the accounting period for said Trust Property, and the amount of each gain and loss shall be transferred to a Foreign Currencies fund, after which each account balance shall be converted into the Base Value Displaying Currency and then added to each account denominated in Base Value Displaying Currency with the exclusion of Foreign Currencies funds. However, unit type investment trusts shall not revalue Securities, etc., futures and option transactions, and swap transactions.
2. For Assets Denominated in Base Value Displaying Currency, the amount equivalent to each gain and loss of assets denominated in Foreign Currencies shall be converted into the Base Value Displaying Currency and recorded in the gain and loss of each account and foreign investment account. In this case, the amount converted into the Base Value Displaying Currency shall be calculated using the Cross Rate calculated under the provisions of Article 32.
3. The buying exchanges and selling exchanges pertaining to Foreign Currencies reserves transactions shall be revalued at the rate calculated under the provisions of Article 33, and the gain or loss arising from the

revalued exchange shall be recorded in other Foreign Currencies expenses or other Foreign Currencies revenues. The balance of foreign exchange accounts receivable and the purchase exchange account after revaluation shall be transferred to the accounts receivable account, and the balance of exchange accounts payables and the sell exchange account after revaluation shall be transferred to the accounts payable account.

4. After the processes in the preceding three paragraphs are complete, the Foreign Currencies fund shall be used to offset the foreign investment account, and the difference between the two shall be recorded as other Foreign Currencies expenses or other Foreign Currencies gains, and the balance of those other Foreign Currencies expenses and other Foreign Currencies gains shall be transferred to the gains or losses on securities transactions.
5. After distribution of gains and settlement of accounts, an amount equivalent to the balance of assets denominated in Foreign Currencies in each account that was added to Assets Denominated in Base Value Displaying Currency in each account following the settlement of accounts shall be deducted from the Assets Denominated in the Base Value Displaying Currency in each account while being recorded as assets denominated in Foreign Currencies, and the foreign investment account shall record them as Assets Denominated in the Base Value Displaying Currency and the Foreign Currencies fund shall record them as assets denominated in Foreign Currencies. In this case, the amount in foreign investment account shall correspond to the amount in the Foreign Currencies fund and the Foreign Currencies fund shall be the amount of the Foreign Currencies fund converted into the Base Value Displaying Currency following the settlement of accounts.

The balance of exchange accounts receivable, purchase exchanges, exchange accounts payable, or sales exchanges transferred to accounts receivable and accounts payable shall be transferred to each account.

#### Part 4 Calculation of the Base Value

##### Article 51 Principles for Calculating the Base Value

1. The Base Value of investment trust beneficiary certificates (including book-entry transfer beneficial interest in an investment trust; the same shall apply hereinafter) shall be calculated in accordance with the provisions of the Investment Trust Act, the Enforcement Order of the same Act (Cabinet Order No. 480 of 2000) and the Enforcement Regulations of the same Act (Cabinet Office Ordinance No. 129 of 2000) (hereinafter referred to as the “Ordinances, etc.”) as well as other stipulations provided by the Ordinances. However, for matters not provided for by the Ordinances, etc., the provisions of the Regulations on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the “Regulations on REIT, etc.”) and provisions of the Regulations on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as the “Regulations on IIT, etc.”) shall apply mutatis mutandis and any matters not provided for by these regulations shall use generally accepted corporate accounting standards.
2. The Base Value of investment trust beneficiary certificates shall in principle be calculated on a per diem basis for each Base Value Displaying Currency.

3. In principle, the provisions in Part 4 shall apply mutatis mutandis to investment corporations except for those provided for in the Ordinances, etc. For matters not provided for in these provisions, the provisions in Regulations on REIT, etc. and Regulations on IIT, etc., shall apply mutatis mutandis and any matters not provided for by these regulations shall use generally accepted corporate accounting standards.

#### Article 52 Method for Calculating the Base Value

1. The Base Value for investment trust beneficiary certificates shall be the amount obtained after deducting the total amount of all debts from the total amount of assets recorded in the account ledger for said trust on the calculation date, plus or minus gains or losses on valuations of securities and gains or losses on valuations of futures transactions, and for securities investment trusts that invest in assets denominated in Foreign Currencies other than those displaying Base Value, plus or minus gains or losses on valuations of foreign investment accounts and gains or losses on valuations of exchanges, and dividing it by the number of remaining beneficial interests on the calculation date.
2. The unit of calculation for the Base Value provided in the preceding paragraph shall be rounded off to the nearest whole yen, and shall be calculated to two decimal places (rounded off to the nearest hundredth of a yen) at the termination of the trust. Investment trusts denominated in Foreign Currencies shall be classified into units for market distribution (rounded off to the nearest whole unit).
3. In calculating the Base Value as provided for in Paragraph 1, the provisions of Part 2 shall apply to calculations of the appraised value for Incorporated Assets in the relevant investment trust.

#### Article 53 Definition of Terms for Calculations of the Base Value

The definitions of terms and calculation methods specified in other By-laws, such as valuation losses and gains on securities denominated in Base Value displaying currency specified in Paragraph 1 of the preceding article, shall be those definitions and calculation methods specified in the By-laws.

\* Article 10 of the By-laws

### Part 5 Accounting Processes for Distributions, etc. of Gains

#### Article 54 Distribution of Gains, etc. for Unit Type Investment Trusts

1. Valuations of incorporated securities and other assets on the calculation date for unit type investment trusts shall be conducted in accordance with the provisions of Chapter 2 through Chapter 6 of Part 2.
2. For unit type investment trusts, if, on the final day of the calculation period, the total net worth of the Trust Property after expenses (meaning the total amount of trust fees and other expenses. The same shall apply in the next article.) have been deducted and before gains have been distributed exceeds the amount of the principal, then a distribution can occur for an amount between the amount exceeding the principal and the distributable amount calculated using the Statement of Distributable Amounts in the Dividend Income Calculation Statement set forth in the By-laws (hereinafter referred to as the "Dividend Income Amount"), whichever is greater, and if the total net worth of the Trust Property is less than the amount of the principal, then an amount within the range of the Dividend Income Amount may be distributed.

\* Article 11 of the By-laws

Article 55 Processes for Distribution, etc. of Gains for Open Type Investment Trusts

1. The process for distributing, etc. gains from open type investment trusts (excluding public and corporate bond investment trusts and listed investment trusts as provided in Article 58. The same shall apply in this Article and in Article 57.) shall be as follows:
  - (1) At the end of the calculation period, the Incorporated Assets inside the Trust Property shall be revalued to an amount calculated based on the provisions in Part 2 and the book value of the assets shall be corrected to the appraised value, while gains on valuations of securities (for discount bonds, the amount shall be the amount calculated by deducting the amount equivalent to interest accrued during the calculation period. The same shall apply to losses on valuation of securities as provided later in this Article.) shall be added to gains on securities transactions, losses on valuations of securities shall be added to losses on securities transactions, gains on valuations of futures transactions, etc. (for swap transactions, with regard to the amount equivalent to the interest from the time of acquisition (in the case of interest settlement after acquisition, the most recent interest settlement date) until the time of revaluation, deducting accrued interest income from the amount for swap interest received, and adding accrued interest expenses to the amount for swap interest paid. The same shall apply to losses on valuation of securities as provided later in this Article and to gains on valuations of futures trading and losses on valuations of futures trading as provided for in Article 58, Paragraph 1, Item 3) shall be added to gains on the trading of futures transactions, etc., and losses on valuations on futures transactions, etc. shall be added to losses on the trading of futures transactions, etc. The same shall apply to losses on valuation of securities as provided later in this Article.) shall be added to gains on securities transactions, losses on valuations of securities shall be added to losses on securities transactions, gains on valuations of futures transactions, etc. (for swap transactions, with regard to the amount equivalent to the interest from the time of acquisition (in the case of interest settlement after acquisition, the most recent interest settlement date) until the time of revaluation, deducting accrued interest income from the amount for swap interest received, and adding accrued interest expenses to the amount for swap interest paid.
  - (2) At the end of the calculation period, the amount related to gains or losses on valuations of securities from the amount recorded in the valuation P/L adjustment account shall be transferred to gains or losses on securities transactions, and the amount related to gains or losses on valuations of futures transactions, etc. shall be transferred to gains or losses on the trading of futures transactions, etc.
  - (3) Expenses shall be deducted pro-rata from profits such as dividends (meaning the amount obtained by deducting interest expenses from the total amount of dividends received, dividend shares received, interest income and other profits, The same shall apply hereinafter.) and profits from the sale and purchase of securities (meaning the amount equivalent to the total amount of losses and gains on securities transactions and losses and gains on transactions such as futures transactions; the same shall apply hereinafter). If any amount cannot be deducted, the amount shall be recorded in profit and loss on buying and selling of securities, etc.
  - (4) Any dividend income after expenses have been deducted may be either distributed in whole, but all or part of the amount may be withheld in Trust Properties and appropriated to cover losses.



Dividend income withheld in Trust Properties shall be recorded in dividend income from the reserve for dividends and carried over to the next period.

- (5) Profits from the trading of securities, etc. after expenses have been deducted may be used to compensate for any deficit carried forward from the previous period and the balance can be distributed, but all or part may also be withheld in Trust Properties.

The amount of any losses which cannot be covered by profits from the trading of securities shall be carried over to the next business year as deficit carried forward.

If all or part of profits from the trading of securities is withheld in Trust Properties, such profit shall be recorded in profit from the trading of securities of the reserve for dividends and carried over to the next business year.

- (6) The reserve for dividends carried over from the previous period may be used in full for distribution or appropriated to cover losses.
- (7) If there are any losses at the end of the period, an amount equivalent to profit and loss on buying and selling of securities, etc. for the revenue adjustment shall not be used for distribution until either the deficit amount or the amount equivalent to the profit and loss on buying and selling of securities, etc. reaches zero (0) and shall be retained for these purposes. Any amount equivalent to the profit and loss from the trading of securities that exceeds the retained amount may be used in full for distribution. Additionally, other revenue adjustments from the revenue adjustment may be used in full for distribution.

If the revenue adjustment is negative at the end of the period, the amount shall be recorded therewith and carried over to the next period.

2. Calculations for the distribution of gains of open type investment trusts prescribed in Paragraph 1 shall be made in accordance with the Open Type Income Distribution Statement prescribed in the By-laws.

\* Article 12 of the By-laws

#### Article 56 Processes for Distribution of Gains from Listed Investment Trusts

The process for the distribution of gains from listed investment trusts shall be as follows:

- (1) At the end of the calculation period, the Incorporated Assets in a Trust Property shall be revalued to the amount calculated based on the provisions in Part 2 and the book value of the assets shall be corrected to the valuation amount, while gains on valuations of securities shall be added to gains on securities transactions, losses on valuations of securities shall be added to losses on securities transactions, gains on valuations of futures transactions, etc. shall be added to gains on the trading of futures transactions, etc. and losses on valuations of futures transactions, etc. shall be added to losses on trading of futures transactions, etc.
- (2) At the end of the calculation period, the amount related to gains or losses on valuations of securities from the amount recorded in the valuation P/L adjustment account shall be transferred to gains or losses on securities transactions, and the amount related to gains or losses on valuations of futures transactions, etc. shall be transferred to gains or losses on the trading of futures transactions, etc.
- (3) Expenses shall be deducted from dividend income and the reserve for dividends. Expenses which

cannot be deducted shall be carried over to the next period as a negative amount in the reserve for dividends.

- (4) After deducting expenses and covering negative amounts in the reserve for dividends carried over from the previous period, dividend income may be distributed in full. Additionally, part or all of the amount may be retained in the Trust Properties and recorded in the reserve for dividends and carried over to the next period.
- (5) If the amount obtained by deducting the total amount of losses on securities transactions, losses from the trading of futures transactions, etc., losses from exchanges (early cancellation) and losses from trust additions from the total amount of gains on securities transactions, profits from the trading of futures transactions, etc., profits from exchanges (early cancellation) and profits from additional trusts is a positive number, then the amount shall be carried over as profit carried forward and if the amount a negative number, then it shall be carried over as deficit carried forward.
- (6) After covering expenses, the balance of the distribution reserve carried over from the previous period may be used for distribution.
- (7) Distributions of gains shall be calculated using the Listed Investment Trust Income Distribution Statement specified in the By-laws.

\* Article 15 of the By-laws

#### Article 57 Processes for Open Type Trust Money, etc. for Open Type Investment Trusts

The processes for open type trust money and money from partial early cancellation of open type investment trusts shall be conducted as set forth in the By-laws.

Note that, for those invested in assets denominated in foreign currency, loss or gain on the assets denominated in foreign currency and loss or gain on valuation of securities, etc. (meaning the total amount of loss or gain on the valuation of securities and loss or gain on the valuation of futures transactions, etc.; the same shall apply hereinafter in this article) shall be converted respectively into the constant value presenting currency by using the Cross Rate calculated pursuant to the provisions of Article 32, and loss or gain on assets denominated in the constant value presenting currency and loss or gain on the valuation of securities, etc. shall be added, and loss or gain on the valuation of exchange as well as other expenses or income on the foreign currency shall be added to loss or gain on trading securities in the assets denominated in the said currency.

\* Article 13 of the By-laws

#### Article 58 Processes for Distribution, etc. of Gains for Open-ended Corporate Bond Investment Trusts

1. Distribution of gains involving open type investment trusts for the purpose of investment in public and corporate bonds shall be made in the manner set forth in the following items:

- (1) At the end of the calculation period, the incorporated public or corporate bonds shall be revalued into the amount calculated under the provisions of Article 21 through Article 23 and the book value thereof shall be corrected to such appraised value, and gains on valuation of securities shall be added to gains on securities transactions and losses on valuation of securities shall be added to losses on securities transactions.

- (2) The subject of any transaction involving a futures transaction or option transaction listed on an Exchange shall be revalued into the amount calculated based on the provisions of Article 28, and any profits from valuation of said transaction shall be added to profits from the trading of futures transactions, etc. while any losses from valuation shall be added to losses from the trading of futures transactions, etc.
  - (3) The subject of any transaction involving a swap transaction, interest rate forward transaction, forward exchange transaction, or spot forward exchange transaction shall be revalued into the amount calculated based on the provisions of Article 29 and the book value thereof shall be corrected to the valuation amount, while any gains on valuation of said transaction shall be added to gains on the trading of futures transactions, etc. and any losses on valuation of futures transactions, etc. shall be added to losses on the trading of futures transactions, etc.
  - (4) If, at the end of the accounting period, after deducting the total amount of interest expenses, losses on securities transactions, losses from the trading of futures transactions, etc., other losses, losses from additional trusts, deficit carried forward, trust fees, early cancellation losses and other expenses from the total amount of interest income, gains on securities transactions, profits from the trading of futures transactions, etc., early cancellation gains, profits carried forward, and other gains, the total net worth of the Trust Property before distribution of gains exceeds the principal amount (the amount obtained by multiplying the principal amount per day by the number of beneficial interests. The same shall apply hereinafter), the entire amount in excess of the total principal amount shall be distributed. Additionally, if the total net worth of the Trust Property before distribution of gains is less than the total amount of principal, gains shall not be distributed.
2. Profits and losses for the period involving open type investment trusts for the purpose of investment in public and corporate bonds shall be calculated in the manner set forth in (a) and (b) below:
    - (a) Losses for the period or profits for the period shall be calculated based on losses during the calculation period and losses processed on the final day of the calculation period and profits during the calculation period and profits processed on the final day of the calculation period.
    - (b) Losses for the period or profits for the period shall be added to deficit carried forward or profits carried forward from the previous period and shall be carried over into the next period as deficit carried forward and profits carried forward.
  3. The amount of losses from trust additions involving open type investment trusts for the purpose of investment in public and corporate bonds shall be processed in the manner set forth in (a) and (b) below:
    - (a) The total amount of losses from trust additions on the final day of the accounting period shall be recorded in that section and carried over to the next period.
    - (b) The amount equivalent to losses from trust additions shall be carried over to the next period as profit carried forward.

Article 59 Processes for Open Type Trust Money and Money from Partial Early Cancellation of Open-ended Public and Corporate Bond Investment Trusts

1. Open type trust money from open type public and corporate bond investment trusts shall be processed in

the manner set forth in the following items for the cases set forth respectively in those items on the day following the settlement date:

- (1) If the amount of additional trust money is the same as the principal amount, the full amount of the additional trust money shall be processed as the principal amount.
  - (2) If the additional trust money is less than the principal amount, the difference between the additional trust money and the principal amount shall be processed as additional trust losses.
2. Partial cancellation of an open type public and corporate bond investment trusts shall be processed in the manner set forth in the following items (a) and (b):
- (a) The difference between the amount of the early cancellation funds related to the early cancellation and the total amount of each principal relating to the early cancellation (meaning the total amount of money which the beneficiary entrusted to the investment trust; the same shall apply to the following item.) shall be processed as either an early cancellation loss or early cancellation profit.
  - (b) The difference between the principal amount relating the early cancellation and the total amount of each principal shall be deducted from additional trust losses.

#### Article 60 Processes for Distribution of Gains for Family Funds

1. Distribution of gains for unit type investment trusts (hereinafter referred to as “Unit Type Baby Funds”), open type investment trusts (excluding listed investment trusts, hereinafter referred to as “Open Type Baby Funds”) and listed investment trusts (hereinafter referred to as “Listed Investment Trust Baby Funds”) which are to be invested in beneficiary certificates of the Mother Fund shall be processed as follows:

Additionally, distribution of gains and trust fees shall be processed in Unit Type Baby Funds, Open Type Baby Funds, or Listed Investment Trust Baby Funds.

- (1) The provisions of Article 54 shall apply mutatis mutandis to the process of profit distribution in Unit Type Baby Funds. In this case, the term “Unit Type Investment Trusts” in said article shall be deemed to be replaced with “Unit Type Baby Funds.”
  - (2) The provisions of Article 55 shall apply mutatis mutandis to the distribution of gains in Open Type Baby Funds. In this case, the term “open type investment trusts (excluding public and corporate bond investment trusts and listed investment trusts as provided in Article 58; the same shall apply in this article and in Article 57.)” in said article shall be deemed to be replaced with “Open Type Baby Funds.”
  - (3) The provisions of Article 56 shall apply mutatis mutandis to the distribution of gains in Listed Investment Trust Baby Funds. In this case, the term “listed investment trusts” in said article shall be deemed to be replaced with “Listed Investment Trust Baby Funds.”
2. Open Type Baby Funds shall be able to appropriate gains such as dividends from the Mother Fund incorporated in the Trust Property and an amount equivalent to the amount of the revenue adjustment and then apply them to the distribution of gains. In this case, distribution shall be processed according to the following items (a) and (b): Additionally, when gains such as dividends from the parent investment trust and an amount equivalent to the amount of the revenue adjustment are appropriated for the distribution of gains, such appropriation shall continue until the termination of the Trust Property.

(a) The amount available for distribution calculated in the Statement of Distributable Amounts in the Dividend Income Calculation Statement set forth in the By-laws shall be added to gains like dividends and deducted from the gains and losses on securities transactions. If the amount available for distribution exceeds the net Dividend Income Amount, the amount for distribution shall be up to amount of the net Dividend Income Amount.

(b) An amount equivalent to the adjusted revenue (other adjusted revenue) calculated in the Baby Fund Adjusted Revenue Equivalent Amount Calculation Statement in the Dividend Income Calculation Statement set forth in the By-laws shall be added to the other adjusted revenue in the adjusted revenue amount and deducted from the amount equivalent to profit and loss on buying and selling of securities, etc.

\* Article 14 of the By-laws

#### Article 61 Processes for Additional Trust Money and Money from Partial Early Cancellation of Family Funds

1. Differences in early cancellation funds arising from the partial early cancellation of Trust Properties in a Unit Type Baby Fund shall be divided into early cancellation losses and early cancellation profits and each shall be processed as a loss or profit, respectively.
2. The provisions of Article 57 shall apply mutatis mutandis to the processes for open type trust money and money from partial early cancellation for Open Type Baby Funds. In this case, the term “open type investment trusts” in said article shall be deemed to be replaced with “Open Type Baby Funds.”
3. Processes for additional trust money and money from partial early cancellation from a Mother Fund trust shall be handled as provided for in the following (a) and (b):
  - (a) Differences in additional trust money arising from the additional funding of a parent investment trust shall be divided into additional trust losses and additional trust profits and each shall be processed as a loss or profit, respectively.
  - (b) Differences in early cancellation funds arising from the partial early cancellation of a Trust Property in a Mother Fund shall be divided into early cancellation losses and early cancellation profits and each shall be processed as a loss or profit, respectively.

#### Article 62 Valuations of Securities, etc. Incorporated in a Mother Fund on the Final Day of the Accounting Period

1. On the final day of the accounting period for a parent investment trust, the Incorporated Assets of the Mother Fund shall be revalued at the value calculated based on the provisions of Part 2.
2. The provisions in Article 55, Paragraph 1, Item 1 shall apply mutatis mutandis to the valuation of Incorporated Assets in the Mother Fund as defined in the above paragraph.

#### Article 63 Calculations for Current Period Profits and Losses of Family Funds

1. Profits and losses in the current period for Unit Type Baby Funds shall be calculated as provided for in (a) and (b) below:

- (a) Losses for the current period and profits for the current period shall be calculated using losses during the calculation period, losses processed on the final day of the calculation period, profits during the calculation period, and profits processed on the final day of the calculation period.
  - (b) Losses for the current period or profits for the current period shall be added to deficit carried forward or profits carried forward from the previous period and shall be carried over into the next period as deficit carried forward and profits carried forward.
2. The provisions of the preceding paragraph shall apply mutatis mutandis to processes for profit and loss for the current period of the Mother Fund. In this case, the term “Unit Type Baby Funds” in said paragraph shall be deemed to be replaced with “Mother Fund.”

## Part 6 Others

### Article 64 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

### Article 65 Others

Any matters not provided for in these Rules concerning the valuation, calculation, etc. of Investment Trust Properties may be decided by resolution of the Board of Directors.

### Article 66 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the decision-making authority to amend any By-laws pertaining to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors any decision(s) made (Limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

### Supplementary Provision

These Rules shall come into effect on April 1, 2004.

### Supplementary Provisions

This amendment shall come into effect on July 16, 2004.

Provided, however, that the revised provisions of Article 55, Paragraph 1, Item 3 shall come into effect on November 1, 2004.

### Supplementary Provisions

This amendment shall come into effect on November 19, 2004.

Provided, however, that the amended provisions of Article 6 through Article 14 and Article 16 through Article 17 shall be implemented starting on the date trading begins on the JASDAQ Securities Exchange (Inc.)

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on November 18, 2005.

Supplementary Provision

This amendment shall come into effect on January 20, 2006.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on December 21, 2007.

Supplementary Provisions

This amendment shall be implemented from the date on which the option certificates, etc., are listed on the Osaka Securities Exchange, Inc.

Provided, however, with regard to investment Trust Property for which the calculation period commenced prior to the implementation date, the provisions then in force may remain applicable.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on April 24, 2009.

#### Supplementary Provisions

This amendment shall come into effect on September 24, 2009.

However, for shares listed on the JASDAQ Market for which no final market price exists on the implementation date, the phrase “the final market price on the Exchange on the day nearest to the calculation date” in Article 8, Paragraph 1 shall be deemed to be replaced with “the valuation amount on the business day immediately preceding the implementation date” and for Convertible Corporate Bonds, etc. listed on the JASDAQ Market for which no final market price exists on the implementation date, the phrase “the final market price on the calculation date” in Article 16, Paragraph 1 shall be deemed to be replaced with “the valuation amount on the business day immediately preceding the implementation date.”

#### Supplementary Provision

This amendment shall come into effect on January 21, 2010.

#### Supplementary Provision

This amendment shall come into effect on March 18, 2010.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Amended Article 19, Paragraph 1; Article 32, Paragraph 1; and Article 33, Paragraph 1, Item 3.

#### Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

Amended Article 51, Paragraph 1 and Paragraph 3.

#### Supplementary Provisions

This amendment shall come into effect on December 21, 2017.

\* The amended provisions are as follows:

Moved Article 63 to Article 56. The following deviation was corrected:

Corrected the introductory clause of Article 60 (Old Article 59), Paragraph 1 and newly established Item 3 of the same.

#### Supplementary Provisions

This amendment shall come into effect on April 1, 2021.

\* The amended provisions are as follows:

Amended Article 3, Item 1, and newly established Item 3 and Item 4 in the same article.



# By-laws for Rules for Valuation and Accounting of Investment Trust Properties

Established on March 19, 2004  
Revised on July 16, 2004  
Revised on November 19, 2004  
Revised on March 18, 2005  
Revised on May 19, 2005  
Revised on November 18, 2005  
Revised on May 11, 2006  
Revised on June 8, 2006  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on December 21, 2007  
Revised on July 10, 2008  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on January 21, 2010  
Revised on December 8, 2011  
Revised on July 21, 2016  
Revised on December 21, 2017  
Revised on April 18, 2019  
Revised on September 11, 2020

## Article 1 Purpose

These By-laws provide for matters necessary for the enforcement of the Rules for Valuation and Accounting of Investment Trust Properties (hereinafter referred to as the “Rules”).

## Article 2 Method of Calculation of Valuation of Stocks with Ex-rights Price

The value calculated by the method of calculation stipulated in the By-laws in the provisory clause of Article 9, Paragraph 2 of the Rules (including cases where it is applied mutatis mutandis pursuant to Article 24, Paragraph 1 of the Rules) shall be the value calculated by the method of calculation stipulated by the Self-Regulation Committee for the following stocks:

- (1) Old stocks and New stocks when their stock subscription warrants expire (hereinafter referred to as “Ex-rights”)
- (2) Stocks when the claim for dividends ceases (hereinafter referred to as “Ex-dividend”)
- (3) Stocks subject to simultaneous Ex-rights and Ex-dividend
- (4) Stocks went Ex-rights for subsidiary stock subscription
- (5) Stock With Trading Dates Starting Post-Merger
- (6) New stocks through merger

\* Committee Resolution 1

## Article 3 Public and Corporate Bonds, etc.

Securities to be specified in the By-laws as provided in Article 21, Paragraph 1 of the Rules shall be the following securities:

- (1) National government bonds
- (2) Municipal bonds

- (3) Bonds issued by a corporation under special laws
- (4) Corporate bonds (excluding convertible corporate bonds and corporate bonds with stock options for which it is specified in advance that the assets set forth in Article 236 Paragraph 1, Item 3 of the Companies Act are bonds with respect to which such bonds and such stock options cannot exist independently (including corporate bonds with stock options stipulated in Article 341-3, Paragraph 1, Item 7 and Item 8 of the former Commercial Code prior to the enforcement of the Companies Act) (hereinafter referred to as “Convertible Corporate Bonds, etc.”))
- (5) Specified corporate bonds issued by a special purpose company as prescribed in the law on securitization of assets (Act No. 105 of 1998; hereinafter referred to as the “Asset Securitization Act”)
- (6) Investment corporation bond (meaning investment corporation bonds and foreign investment securities which are similar to investment corporation debentures as defined in Article 2, Paragraph 1, Item 11 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as “FIEA” ))
- (7) Commercial Papers
- (8) Among the beneficial interests of a trust prescribed in Article 2, Paragraph 2, Item 1 of the FIEA, beneficial interests of a cooperative financial institution as defined in Article 2, Paragraph 1 of the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions and Banks (Act No. 44 of 1993) and a trust that assigns loan claims of a financial institution or trust company listed in each item of Article 1-9 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) (limited to beneficiaries at the time of the contract for the trust who are also settlors), and rights to foreign entities that have the same nature as those rights (hereinafter referred to as “beneficial interest in loan trust”)
- (9) Promissory Notes (excluding commercial papers and notes to be bought or sold in discount markets)
- (10) Securities or certificates issued by a foreign country or foreign corporation which have the characteristics of Items 1 to 5 and Items 7 to 9
- (11) Depository receipts or certificates of deposit pertaining to Items 1 through 9
- (12) A designated money trust (meaning a beneficial interest of a money trust with contract for compensating the principal as defined in Article 22, Paragraph 1, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000) among beneficiary rights of a trust as prescribed in Article 2, Paragraph 2, Item 1 of the FIEA )
- (13) Beneficial Interests (meaning beneficial interests defined in Article 2, Paragraph 2, Item 1 of the FIEA and excluding the beneficial interest in loan trust provided in Item 8 and designated money trusts provided in the preceding item)
- (14) Rights against foreign entities which are of the nature of the rights set forth in the preceding item
- (15) Membership rights of a general partnership company or limited partnership company, or membership rights of a limited liability company
- (16) Membership rights of a foreign juridical person which are of the nature of the rights set forth in the preceding item
- (17) Meaning the capital contributions based on partnership contracts, anonymous partnership agreement,

an investment limited partnership agreement or Investment Limited Partnership Act (limited to those defined in Article 2, Paragraph 2, Item 5 of the FIEA ) and equity in investment in a silent partnership provided in Article 3 Item 8 of the Cabinet Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000; hereinafter referred to as the “Order for Enforcement of the Investment Trust Act” ).

- (18) Rights under foreign laws and regulations similar to those listed in the preceding item
- (19) Foreign CD
- (20) School Bonds (meaning School Bonds as defined in Article 4, Item 1 of the Cabinet Office Ordinance on Definitions as Provided in Article 2 of the Financial Instruments and Exchange Act (Ministerial Order No. 14 of 1993) ) and educational institution loan claims (meaning claims as defined in Article 1-3-4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) )

#### Article 4 Valuation by Amortized Cost Method

The method specified in the By-laws as provided in Article 22 of the Rules shall be that method of evaluating securities investment trusts using the value calculated by the method defined in the respective items listed below.

- (1) Security investment trust for the purpose of investment with performance-based distribution that settles accounts daily and is an open type security investment trust that invests in public and corporate bonds
  - The price shall be obtained by using the difference between the book value on the day preceding the date of purchase contract date or the previous year’s corresponding date (if the anniversary falls on a holiday, the next business day after the holiday) as the acquisition value, with the difference in acquisition value and redemption price (the redemption price for discount bonds shall be the amount including tax (meaning the face value plus withholding tax; hereinafter the same shall apply in this article))calculated to obtain an amount on a per diem basis during such period, that is added or subtracted to or from the book value on a daily basis.
- (2) Securities investment trusts other than those listed in the preceding item
  - For any of the following public and corporate bond certificates, the value thereof calculated by the method specified in the respective items
  - (a) Interest-bearing Bonds: Value obtained by pro-rata calculation of the difference between the acquisition value (the book value on the previous anniversary (if the anniversary falls on a holiday, the business day following the holiday) shall be the acquisition value; the same shall apply hereinafter) and redemption price during the relevant period added to or deducted from the book value on a day-to-day basis, from the day following the anniversary of the contract date or the redemption date for the purchase in the preceding year
  - (b) Discount Bonds: Value obtained by adding or deducting the difference between the acquisition value and the redemption value (including tax) for the relevant period from the day following the anniversary date in the preceding year of the delivery date or redemption date pertaining to the purchase (if the anniversary date falls on a holiday, the next business day after the holiday) to or

from the book value on a day-to-day basis until the redemption date

#### Article 5 Financial Assets

The financial assets defined in the By-laws as prescribed in Article 27 of the Rules shall be the following assets:

- (1) Deposit
- (2) Call Loans
- (3) Domestic CDs
- (4) Discounted bills
- (5) Loans
- (6) Monetary claims (meaning monetary claims as defined in Article 3, Item 7 of the Order for Enforcement of the Investment Trust Act, excluding those falling under Items 1 through 3 and 5)
- (7) Other assets designated by the Board of Directors

#### Article 6 Deleted

#### Article 7 Valuation Rate for Assets Denominated in Foreign Currencies

The rate to be calculated by the method stipulated in the By-laws as provided in Article 32 of the Rules shall be the rate to be calculated by the method of calculation stipulated by the Self-Regulation Committee.

\* Committee Resolution 2

#### Article 8 Valuation Rate for Foreign Exchange Reserve Transactions, Etc.

- (1) The cross rate to be calculated according to the method stipulated in the By-laws as provided in Article 33, Paragraph 1, Item 1 of the Rules shall be the rate calculated using the calculation method stipulated by the Self-Regulation Committee.
- (2) The value to be calculated by the calculation method provided in the By-laws as prescribed in Article 33, Paragraph 1, Item 2, Sub-item (a) of the Rules shall be the value calculated using the calculation method stipulated by the Self-Regulation Committee.

\* Committee Resolutions 3 and 4

#### Article 9 Accounting for Stock Conversion of Convertible Bonds, etc.

1. Accounting treatment for converting Convertible Corporate Bonds, etc. provided for in Article 35 of the Rules into shares or in other cases provided for in the By-laws shall be treated as the Self-Regulation Committee provides in each of the following cases:

- (1) Accounting when Converting Convertible Corporate Bonds into Shares
- (2) Accounting for Stock Subscription Warrants for New Stocks Acquired by a Tender for Rights and Unclaimed Stocks
- (3) Accounting for Sales Securities for Margin Trading
- (4) Accounting for Short Selling of Bond Certificates (Excluding Those with Interest)
- (5) Accounting for Short Selling of Bond Certificates (If with Interest)

- (6) Accounting for Borrowed Shares
  - (7) Accounting for Settlement after Tax Deduction of an Amount Equivalent to Existing Accrued Interest on Sales of Domestic Public and Corporate Bonds
  - (8) Accounting for Brokerage Fees for Foreign Securities
  - (9) Accounting for Foreign Shares Listed on Domestic Financial Instruments Exchanges
  - (10) Accounting of Foreign Public and Corporate Bonds
  - (11) Accounting for Discounted Bills
  - (12) Accounting for Exercise of Stock Subscription Warrants of Corporate Bonds with Warrants
  - (13) Accounting for Futures Trading
  - (14) Accounting for Option Trading
  - (15) Accounting for Corporate Bonds with Detachable Stock Subscription Warrants
  - (16) Accounting for Euroyen Bonds
  - (17) Accounting for Domestic Negotiable Certificates of Deposit (CD)
  - (18) Accounting for Commercial Paper (Including Short-Term Bonds, etc.)
  - (19) Accounting Accompanying Conversion of Shareholder Benefits
  - (20) Accounting of Borrowed Funds
  - (21) Accounting for Loaned Stock Certificates
  - (22) Accounting for Loaned Bonds
  - (23) Accounting for Borrowed Bonds
  - (24) Accounting for Swap Transactions
  - (25) Accounting for Forward Rate Agreement (FRA)
  - (26) Accounting for Forward Exchange Agreements (FXAs)
  - (27) Accounting for a Non-Deliverable Forward (NDF)
  - (28) Accounting for Mortgage Securities
  - (29) Accounting for Investment Trust Beneficiary Certificates and Investment Securities
  - (30) Accounting for Foreign Income Tax Deductions for Open Type Stock Investment Trusts
  - (31) Accounting for Pre-tender Transactions (Pre-issuance Date Transactions) of Government Bonds
  - (32) Accounting for Inflation-Indexed Bonds
  - (33) Accounting for Establishment of Exchange Traded Funds When There Is Debt Guarantee by the Japan Securities Clearing Corporation
2. Short-term bonds prescribed in Item 18 mean short-term bonds defined in Article 66, Item 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares, the short-term bonds prescribed in Article 61-10, Paragraph 1 of the Insurance Business Act, the specified short-term bonds prescribed in Article 2, Paragraph 8 of the Act on the Securitization of Assets, the short-term bonds prescribed in Article 54-4, Paragraph 1 of the Shinkin Bank Act, the short-term agricultural and forestry bonds prescribed in Article 62-2, Paragraph 1 of the Norinchukin Bank Act and the short-term foreign bonds prescribed in Article 38, Paragraph 2 of the Order on Supervision of General Book-Entry Institutions.

\* Committee Resolution 5

## Article 10 Definition of Terms for Calculation of the Base Value

The definitions of terms and calculation methods stipulated in the By-laws as provided in Article 53 of the Rules shall be as set forth in each of the following items:

- (1) Valuation losses and gains on securities denominated in base value displaying currency: The difference between the book value of securities denominated in base value displaying currency (excluding securities pertaining to securities futures trading), credit sale certificates and securities pertaining to short selling of securities (Securities pertaining to short selling of securities shall be the value excluding accrued interest.) and the appraised value. Provided, however, that the amount of discount bonds listed on an exchange shall be calculated by deducting accrued interest income from the above-listed difference.
- (2) Valuation losses and gains on futures transactions, etc. denominated in base value displaying currency: The difference between the appraised value of the subject pertaining to the transaction in base value displaying currency in futures transactions as defined in Article 28 of the Rules and the over-the-counter option transactions prescribed in Article 29 of the Rules. Provided, however, that for swap transactions, the amount will be that obtained by deducting the equivalent interest expenses from the above-listed difference for receivable swap interest rate, and the amount will be that obtained by adding the equivalent interest expenses to the above-listed difference for payable swap interest rate.
- (3) Foreign investment account valuation P/L: The difference between the book value of the foreign investment account and the total amount of the net worth of assets denominated in foreign currencies (meaning assets denominated in foreign currencies as defined in Article 32 of the Rules, the same shall apply hereinafter ) converted into the base value displaying currency.

In calculating the total net worth of assets denominated in foreign currencies, the valuation gain or loss on foreign securities and the valuation gain or loss on foreign futures transactions (which means the valuation gain or loss on the subject to transactions conducted in currencies other than the base value displaying currency in futures trading prescribed in Article 28 and the over-the-counter option transactions prescribed in Article 29) shall be calculated by the method prescribed in Items 1 and 2.

- (4) Exchange valuation P/L on exchange: The difference between the book value and the appraised value of the purchase or sell exchange account.
- (5) Remaining units of beneficial interests: In the case of an investment trust with principal of not more than 1 yen per unit, the appropriate units such as 1,000 units, 10,000 units, 100,000 units or 1 million units shall be converted into one unit.

For investment trusts denominated in foreign currencies, the number of units shall be fixed.

- (6) Base Value: The base value shall be rounded off to the nearest yen. However, at the time of termination of the Trust, the number shall be rounded off to the nearest hundredth of a yen (at the time of termination of an investment trust for which the quantity of 100,000 or more remaining units of beneficial interests of the previous item is converted into one unit, the amount may be rounded off to the nearest whole yen).

Investment trusts denominated in foreign currencies shall be classified into units for market distribution, and units less than one unit shall be rounded off to the nearest whole number.

Article 11 Statement of Dividend Income for Unit Type Investment Trusts

The statement of dividend income provided in Article 54, Paragraph 2 of the Rules shall be Attached Form No. 1.

Article 12 Open Type Income Distribution Statement for Open Type Investment Trusts

The Open Type Income Distribution Statement provided in Article 55, Paragraph 2 of the Rules shall be Attached Form No. 2.

Article 13 Processes for Open Type Trust Money, etc. for Open Type Investment Trusts

The disposition of open type trust funds and partial amounts of early cancellation funds for open type investment trusts as provided in Article 57 of the Rules shall be as follows:

- (1) Additional trust funds shall be handled in accordance with the Schedule of Settlement for Open Type Trust Funds in Attached Form No. 3.
- (2) Amount for partial early cancellation shall be handled in accordance with the Schedule of Settlement for Early Cancellation Fees in Attached Form No. 4.

Article 14 Statement of Dividend Income for Open Type Baby Funds

The statement of dividend income provided in Article 60, Paragraph 2 of the Rules shall be Attached Form No. 1.

Article 15 Income Distribution Statements for Listed Investment Trusts

The Income Distribution Statements for Listed Investment Trusts prescribed in Article 56, Item 7 of the Rules shall be Attached Form No. 5.

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on November 1, 2004.

Supplementary Provision

This amendment shall come into effect on November 19, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on May 19, 2005.

Supplementary Provision

This amendment shall come into effect on November 18, 2005.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on December 21, 2007.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provisions

This amendment shall come into effect on January 16, 2009.

However, short-term commercial and industrial bonds stipulated in Article 38 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) shall be deemed to be short term corporate bonds, etc. stipulated in Article 9, Item 18.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on January 21, 2010.



#### Supplementary Provisions

This amendment shall come into effect on July 1, 2012 and shall apply to any new securities investment trust established after the effective date.

Provided, however, that this shall not preclude application of the provisions after amendment to securities investment trusts established prior to the effective date.

#### Supplementary Provisions

This amendment shall come into effect on July 21, 2016.

\* The amended articles are as follows:

Article 10, Item 5 and 6 are amended.

#### Supplementary Provisions

This amendment shall come into effect on December 21, 2017.

\* The amended articles are as follows:

- Measures deviating from provisions cited in these By-laws (Article 13, Article 14 and Article 15) in conjunction with partial revisions to the "Rules for Valuation and Accounting of Investment Trust Properties"
- Attached Form No. 1: Notes on Listings
- Attached Form No. 5: Addition of (Addition of Categories) table and Notes on Listings

#### Supplementary Provisions

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

#### Supplementary Provisions

This amendment shall come into effect on January 1, 2021.

\* Article 9 Paragraph 1 (33) is newly established.

## Dividend Income Statement

(1) Statement of Distributable Amounts

Classification	Amount
Dividend income of the Fund: A	
Mother Fund (name      ) dividend income: B	
:	
Total dividend income: C (A + B)	
Expenses: D	
Net dividend income: E(C-D)	
Number of units of Fund beneficial interests remaining at current term end: F	units
Average number of units of Fund beneficial interests remaining during the term: G	units
Distributable amounts: H (E × F/G)	
Distributable amount per unit: I(H/F)	

(2) Statement of Dividend Income for Mother Fund

Term	Dividend Income of the Mother Fund (NAME) J	Mother Fund Remaining Units		Dividend Income to Be Vested in the Baby Fund M (J × L/K)
		Total Units K	The Subsidiary Fund Units L	
		units	units	
Total				

(3) Statement of Amount Equivalent to Revenue Adjustment of Baby Fund

Term	Dividend Income of the Baby Fund M	Baby Fund		Amount Equivalent to the Profit Adjustment (Other Revenue Adjustment) P (M × N/O)
		Additional Units Established N	Remaining Units O	
		units	units	
Total				

## Notes on Listings

### 1. Statement of Distributable Amounts

- (1) The amount of dividend income of the Mother Fund shall record (2) the total dividend income attributable to the Baby Fund in the Statement of Dividend Income for Mother Fund.
- (2) The amount of dividend income of the Fund (excluding Open Type Investment Trusts, hereinafter the same shall apply in this item and the next item ) shall be calculated by deducting “interest expenses” from the total amount of “dividends income,” “dividend shares,” “interest income” and “other revenue” recorded for the Fund during the accounting period.
- (3) Expenses shall be recorded in the total amount of “trust fee” and “other expenses” the Fund recorded during the accounting period. Provided, however, that in the case of a fund in which a beneficiary collects performance fee (meaning trust fee determined by the constant value standard) at the time of early cancellation, such actual performance fees shall not be included.
- (4) The number of units of Fund beneficial interests remaining at the end of the current term shall be counted as the number of units at the end of the current term.
- (5) The average number of units of Fund beneficial interests remaining during the term shall be counted as the simple average of the number of units remaining at the end of each month of the relevant accounting period. However, when the status up to the end of the accounting period is listed for the settlement month, the simple average at the end of each month and at the end of the accounting period shall be calculated. In this case, the term “end of the accounting period” means the end of accounting period of each of Baby Fund in the case of multiple Baby Funds incorporating such Mother Funds.
- (6) The amount available for distribution per unit with a principal of 1 yen per unit shall be recorded in a unit that displays the constant value (with investment trusts denominated in foreign currencies in the prescribed unit).

### 2. Statement of Dividend Income for Mother Fund

- (1) With regard to the term, there shall be listed by month sequentially the status from the month including the first day of the relevant accounting period to the month preceding the month including the last day of the relevant accounting period (hereinafter referred to as the “settlement month”). However, with regard to the settlement month, the status from the first day of the settlement month to the end of the accounting period may be stated. In this case, the term “end of calculation period” means the end of calculation period of each of the Baby Funds incorporating such Mother Fund.
- (2) The amount of dividend income of the Mother Fund shall be calculated by deducting “interest expenses” expense from the total amount of “dividends income,” “dividend shares,” “interest income” and “other revenue” the Mother Fund recorded during each month.
- (3) The remaining number of units of the Mother Fund shall in principle be counted as the number of units as of the end of each month. However, when the status from the first day of the settlement month to the end of the accounting period is described according to (1) above, the number of units at the end of the accounting period shall be counted.

### 3. Statement of Amount Equivalent to Revenue Adjustment of Baby Fund

- (1) With regard to the term, there shall be listed the status from the month including the first day of the

relevant accounting period to the month preceding the settlement month. However, with regard to the settlement month, the status from the first day of the settlement month to the end of the accounting period may be stated. In this case, the term “end of the accounting period” means the end of accounting period of each of Baby Fund in the case of multiple Baby Funds incorporating such Mother Funds.

- (2) The amount of dividend income of such Baby Fund shall sequentially record (2) the total dividend income attributable to the Baby Fund in the Statement of Dividend Income for Mother Fund.
- (3) The number of units additionally established for a Baby Fund shall be counted as the number of units additionally established for such Baby Fund during each month.
- (4) The remaining number of units of the Baby Fund shall be counted as the number of units as of the end of each month. However, when the status from the first day of the settlement month to the end of the accounting period is described according to (1) above, the number of units at the end of the accounting period shall be counted.
- (5) When the amount equivalent to the revenue adjustment (P) in each month exceeds the dividend, etc. income (M) of such Baby Fund, (M) the dividend, etc. income of such Baby Fund shall be the amount recorded in such month.

## Open Type Income Distribution Statement

Contents of Calculation \ Category	Dividend Income	Profit and Loss on Buying and Selling of Securities, etc.	Revenue Adjustment		Expenses	Reserve for Dividends		Deficit Carried Forward	Principal	Total
			Amount Equivalent to Profit and Loss on Buying and Selling of Securities, etc.	Other Revenue Adjustments		Dividend Income	Gains on Selling or Purchasing Securities, etc.			
1. Balance at FY End										
2. Pro-Rata Amount	( %)	( %)	-	-		-	-	-	-	(100%)
3. Amount of P/L after Deduction of Expenses					-					
4. Compensation Amount of Deficit Carried Forward	-		-	-	-	-	-		-	0
5. Amount of P/L after Loss Compensation					-					
6. Amount Available for Profit Distribution					-			-	-	
7. Profit Distribution Amount					-			-	-	
8. Amount of P/L after Profit Distribution					-					
9. Amount of Reserve for Dividends			-	-	-			-	-	0
10. Loss Compensation Amount			-	-	-				-	0
11. Amount Carried Forward	-	-			-					

- (Notes) 1. In the column for Dividend Income, there shall be listed an amount calculated by deducting interest expenses from the total amount of dividends income, dividend shares, interest income and other profits; in the profit and loss on buying and selling of securities, etc. column, there shall be listed gain and loss on securities transactions and profit and loss on transaction of futures, etc. (including amounts revalued under the provisions of Article 55 and amounts transferred from valuation profit and loss adjustment accounts); and likewise, in the Expenses column there shall be entered the total amount of trust fee and other expenses.
2. The amount of money current in each Category as of the end of the fiscal year shall be recorded in the Balance at FY End column.
3. Among the amounts listed in this Statement, the amount constituting a loss of trust property and the amount constituting a decrease in profits or an increase in losses shall be a negative amount to that effect.

### Schedule of Settlement for Open Type Trust Funds

Date: MM, DD, YYYY

Category  Contents of Calculation	Dividend Income	Profit and Loss on Buying and Selling of Securities, etc.	Loss or Gain on Valuation of Securities, etc.	Loss or Gain on Valuation of Foreign Investment Accounts	Valuation Loss or Gain Adjustment Accounts	Revenue Adjustment		Expenses	Reserve for Dividends		Deficit Carried Forward	Principal	Total	Units	
						Amount Equivalent to Profit and Loss on Buying and Selling of Securities, etc.	Other Revenue Adjustments		Dividend Income	Gains on Selling or Purchasing Securities, etc.					
(A) Amount at Time of Addition								( )							
Pro-Rata Amount of Valuation Loss or Gain on Foreign Investment Accounts					-	-	-		-	-	-	-		-	
(B) Amount after the above Proration															
Pro-Rata Amount of Expenses Processed	( %)	( %)	-	-	-	-	-		-	-	-	-	(100%) 0	-	
(C) Amount after Processing Expenses				-				-							
(C) × $\frac{\text{Additional Units}}{\text{Existing Units}}$	(a)	(b)	(c)	-	(d)	(e)	(f)	-	(g)	(h)	(i)	(j)	(k)		
(D) Composition of Open Trust Funds	-	-	-	-	-			-	-	-	-				
(A) + (D) Amount after Addition															

**(Preparation Procedure)**

1. In the Dividend Income column, there shall be entered the amount calculated by deducting interest expenses from the total amount of the dividend income, dividend shares, interest income and Other Revenue, and in the Profit and Loss on Buying and Selling of Securities, etc. column, there shall be entered the total amount of gain and loss on securities transactions, losses and gains on futures transactions, etc., losses and gains on exchange valuation, other foreign currency expenses and other foreign currency revenues. Likewise, in the Loss or Gain on Valuation of Securities, etc. column, there shall be entered the total amount of losses and gains on valuation of securities and losses and gains on valuation of futures transactions, etc., and in Expenses, there shall be entered the total amount of trust fees and other expenses.
2. In the Amount at Time of Addition column, the amount and the number of units as of the time of addition of each item shall be entered, and any negative number shall indicate to that effect. The amount equivalent to withholding income tax at the time of addition shall be entered in the ( ) within the Expenses column.
3. The pro-rata amount of valuation loss or gain on foreign investment accounts shall indicate the sum of gains and losses on assets denominated in foreign currencies and gains or losses on securities valuations (referring to the sum total of valuation gains or losses on securities and valuation gains or losses on derivatives, etc. Same hereinafter. ) converted into the constant value displaying currency at the exchange rate used to calculate the constant value.
4. In the ( %) within the Pro-Rata Amount of Expenses column, there shall be entered the composition percentage of each amount calculated by deeming the total amount of dividend income and gains on buying and selling of securities, etc. (shall be zero when there are losses on buying and selling of securities, etc.) to be 100%, and the amount obtained by prorating expenses at the same percentage shall be entered underneath the ( %).
5. In the Amount after Processing Expenses column, expenses shall be deducted from the amounts in the respective categories of the Amount at Time of Addition column, and any amount not deducted shall be recorded in Profit and Loss on Buying and Selling of Securities, etc.
6. In Amount Equivalent to Profit and Loss on Buying and Selling of Securities, etc. under the Revenue Adjustment in the Composition of Open-Ended Trust Funds column, there shall be entered the total amount of (b), (c), (d), (e), and (i). Likewise, in Other Revenue Adjustments within Revenue Adjustment, there shall be entered the total amount of (a), (f), (g), and (h), and in Principal, there shall be entered the amount of (j). Similarly, in Total shall be entered the amount of (k), and in Number of Units shall be entered the number of units to be added, respectively.
7. In the Amount after Addition column, there shall be entered the total amount of the respective amounts of the Amount at Time of Addition and the Composition of Open-Ended Trust Funds columns, and there shall be entered to Number of Units the number of units obtained by adding the additional units to the number of units as of the time of addition.

### Schedule of Settlement for Early Cancellation Fees

Date: MM, DD, YYYY

Category  Contents of Calculation	Dividend Income	Profit and Loss on Buying and Selling of Securities, etc.	Loss or Gain on Valuation of Securities, etc.	Loss or Gain on Valuation of Foreign Investment Accounts	Valuation Loss or Gain Adjustment Accounts	Revenue Adjustment		Expenses	Reserve for Dividends		Deficit Carried Forward	Principal	Total	Units	
						Amount Equivalent to Profit and Loss on Buying and Selling of Securities, etc.	Other Revenue Adjustments		Dividend Income	Gains on Selling or Purchasing Securities, etc.					
(A) Amount at the Time of Early Cancellation								( )							
Pro-Rata Amount of Valuation Loss or Gain on Foreign Investment Accounts					-	-	-		-	-	-	-			-
(B) Amount after the above Proration				-											
Pro-Rata Amount of Expenses	( %)	( %)	-	-	-	-	-		-	-	-	-	(100%) 0		-
(C) Amount after Prorating Expenses				-				-							-
(C) × $\frac{\text{Number of Units Cancelled Early}}{\text{Existing Units}}$				-				-							-
(D) Composition of Early Cancellation Fees			-	-				-							
(A)-(D) Amount after Early Cancellation															

(Preparation Procedure)

1. In the Dividend Income column, there shall be entered the amount calculated by deducting interest expenses from the total amount of the dividend income, dividend shares, interest income and Other Revenue, and in the Profit and Loss on Buying and Selling of Securities, etc. column, there shall be entered the total amount of gain and loss on securities transactions, losses and gains on futures transactions, etc., losses and gains on exchange valuation, other foreign currency expenses and other foreign currency revenues. Likewise, in the Loss or Gain on Valuation of Securities, etc. column, there shall be entered the total amount of losses and gains on valuation of securities and losses and gains on valuation of futures transactions, etc., and in Expenses, there shall be entered the total amount of trust fees and other expenses.
2. In the column for the Amount at the Time of Early Cancellation, there shall be entered the amount and the number of units as of the time of early cancellation, and any negative number shall indicate to that effect.
3. The pro-rata amount of valuation loss or gain on foreign investment accounts shall indicate the sum of gains and losses on assets denominated in foreign currencies and gains or losses on securities valuations (referring to the sum total of valuation gains or losses on securities and valuation gains or losses on derivatives, etc. Same hereinafter. ) converted into the constant value displaying currency at the exchange rate used to calculate the constant value.
4. In the ( %) within the Pro-Rata Amount of Expenses column, there shall be entered the composition percentage of each amount calculated by deeming the total amount of dividend income and gains on buying and selling of securities, etc. (shall be zero when there are losses on buying and selling of securities, etc.) to be 100%, and the amount obtained by prorating expenses at the same percentage shall be entered underneath the ( %).
5. With regard to the dividend income and the profit and loss on buying and selling of securities, etc. in the Amount after Prorating Expenses column, the pro-rata amount of expenses shall be deducted from the amount as of the time of early cancellation, and any amount not deducted shall be recorded in Profit and Loss on Buying and Selling of Securities, etc. and each amount at the time of early cancellation shall be entered to other categories, respectively.
6. In the Valuation Loss or Gain Adjustment Accounts within the Composition of Early Cancellation Fees column shall be entered (C) x number of units cancelled early / total amount of loss or gain on valuation of securities, etc. and valuation loss or gain adjustment accounts in the Existing Number of Units column, and in other categories shall be entered the amount of (C) x number of units cancelled early / amount in the Existing Number of Units column, and in Number of Units shall be entered the number of units cancelled early, respectively.
7. In the Amount after Early Cancellation column shall be entered the amount remaining after deducting each of the amounts described in (5) above from the respective amounts in the Amount at the Time of Early Cancellation column, and any amount which cannot be deducted completely shall be entered and indicated as such. In the Number of Units column shall be entered the number of units as of the time of early cancellation less the number of units cancelled early.

Attached Form No. 5

Income Distribution Statements for Listed Investment Trusts

Division	Amount
A. Dividend income for the period	
B. Mother Fund dividend income	
C. Reserve for Dividends	
D. Total dividend income <span style="float: right;">(A+B+C)</span>	
E. Expenses	
F. Amount Available for Profit Distribution <span style="float: right;">(D-E)</span>	
G. Dividends	
H. Amount carried forward (reserve for dividends) <span style="float: right;">(F-G)</span>	
I. Units	
J. Distributions per Unit <span style="float: right;">(G/I)</span>	

Notes on Listings

1. When investing in the Mother Fund, add such classification and record the total amount of dividend income to be vested in the baby fund on Attached Form No. 1 (2) Statement of Dividend Income for Mother Fund as dividend income for the Mother Fund. If no investment into the Mother Fund is to be made, the subsequent classifications shall be advanced in order without establishing such classification in this statement.
2. The amount of dividend income of the fund shall be calculated by deducting "interest expenses" from the total amount of "dividend income," "dividend shares," "interest income" and "other revenue" recorded during the accounting period.
3. Reserve for dividends shall be the amount of reserve for dividends carried over from the previous period.
4. Expenses shall be the total amount of "trust fee" and "other expenses" recorded during the accounting period.
5. Among the amounts listed in this statement, the amount constituting a loss of trust property and the amount constituting a decrease in profits or an increase in losses shall be a negative amount to that effect.



## Committee Resolution on Valuation and Accounting of Investment Trust Properties

Established on March 19, 2004  
 Revised on July 8, 2004  
 Revised on November 11, 2004  
 Revised on March 15, 2005  
 Revised on November 10, 2005  
 Revised on March 9, 2006  
 Revised on May 11, 2006  
 Revised on June 8, 2006  
 Revised on July 13, 2006  
 Revised on October 12, 2006  
 Revised on January 11, 2007  
 Revised on March 9, 2007  
 Revised on June 14, 2007  
 Revised on September 21, 2007  
 Revised on September 11, 2008  
 Revised on March 19, 2009  
 Revised on January 14, 2010  
 Revised on April 14, 2011  
 Revised on September 19, 2019  
 Revised on April 9, 2020  
 Revised on September 10, 2020

This committee resolution provides for matters delegated to the Self-Regulation Committee with respect to the valuation and accounting of investment trusts.

Article 1 The value calculated by the calculation method established by the Self-Regulation Committee as prescribed in Article 2 of the By-laws for Rules for Valuation and Accounting of Investment Trust Properties (hereinafter referred to as the “By-laws”) shall be the value calculated by the following method:

1. Old Stocks and New Stocks when stock subscription warrants for New Stocks have expired (hereinafter referred to as “Ex-rights”)

- (1) Old Stocks

- (a) In the event of paid-in capital increase (including parallel capital increase. The same shall apply hereinafter. )

$$\frac{\text{Final price of Old Stocks (with rights)} + \text{Payment per New Stock}}{1 + \text{Allotment rate of paid-in quantity per Old Stock}} \times \left[ \frac{\text{New Stock allotment rate of the paid-in quantity per Old Stock}}{\frac{1}{\text{Split rate}} - 1} \right]$$

- (Note) (i) The final market price of Old Stocks (with rights) shall be the closing price at the exchange on the last day with rights.

- (ii) When one share is divided into 1.2 shares, the split rate shall be 1/1.2 (same hereinafter).

- (b) In the event of a stock split

Final price of Old Stocks (with rights) x split rate

- (c) Allotment of shares without contribution (limited to cases where shares of the same class as such shares are allotted. The same shall apply hereinafter. )

$$\frac{\text{Final price of Old Stocks (with rights)}}{1 + \text{New Stock allotment rate}}$$

- (2) New Stocks

Old Stock (Ex-rights) Appraised Value

2. Shares when the right to demand dividends ceases (hereinafter referred to as “Ex-dividend”)

Final price with dividend - Current forecast dividend

(Note) The final market price with dividends shall be the closing price at the exchange on the last day with dividends.

3. Shares subject to simultaneous Ex-rights and Ex-dividends

- (1) Old Stocks

(a) In the event of simultaneous Ex-rights and Ex-dividends due to paid-in capital increase

$$\frac{\text{Final price of Old Stock (with rights and with dividends)} - \text{Estimated distribution for the period} + \left( \frac{\text{Payment per New Stocks} \times \text{New Stock allotment rate of paid-in quantity per Old Stock}}{1 + \text{Allotment rate of paid-in quantity per Old Stock}} \right)}{\left( \frac{1}{\text{Split rate}} - 1 \right)}$$

(b) In the event of simultaneous Ex-rights and Ex-dividends due to a stock split

[Final price of Old Stocks (with rights and with dividends) - forecast dividends for the period] x split rate

(c) In the event of simultaneous Ex-rights and Ex-dividends due to allotment of shares without contribution

$$\frac{\text{Final price of Old Stocks (with rights) - forecast dividends for the period}}{1 + \text{New Stock allotment rate}}$$

- (2) New Stocks

Appraised Value of Old Stocks (Ex-rights and Ex-dividends)

4. Shares went Ex-rights for subsidiary stock subscription

$$\text{Final price of parent company shares (with rights)} - \left( \text{Market value of subsidiary shares} - \text{Payment per subsidiary share} \right) \times \text{Number of subsidiary shares allocated per parent company share}$$

(Note) The final market price of parent company shares (with rights) and the market value of subsidiary shares shall be the exchange closing price for parent company shares and subsidiary shares on the last day rights are held.

5. Shares on the purchase and sale commencement date after share consolidation

- (1) When the date of purchase and sale commencement of shares after share consolidation is the same as the date of Ex-dividends

(Final price before share consolidation - estimated dividend for the period) ÷ consolidation rate

(Note) (i) The final price before share consolidation shall mean the closing price at the exchange on the business day immediately preceding the commencement date of sale and purchase of the stock certificates after share consolidation (the same shall apply hereinafter).

(ii) When 2 shares are consolidated into 1 share, the consolidation rate shall be 1/2 (same hereinafter).

- (2) When the date of commencement of purchase and sale after share consolidation differs from the date of Ex-dividends

Final price before share consolidation ÷ consolidation rate

6. New Stocks after a merger (in the event of a consolidation-type merger)

$$\left\{ \begin{array}{l} \text{Final price of} \\ \text{Old Stocks} \end{array} \pm \begin{array}{l} \text{Merger} \\ \text{Adjustment} \\ \text{for 1 Such} \\ \text{Old Stock} \end{array} \right\} \times \begin{array}{l} \text{Rate of Old} \\ \text{Stocks to 1} \\ \text{New Stock} \\ \text{after a merger} \end{array} + \left\{ \begin{array}{l} \text{Final price} \\ \text{of Old} \\ \text{Stock} \end{array} \pm \begin{array}{l} \text{Merger} \\ \text{Adjustment} \\ \text{for 1 Such} \\ \text{Old Stock} \end{array} \right\} \times \begin{array}{l} \text{Rate of Old} \\ \text{Stocks to 1 New} \\ \text{Stock after a} \\ \text{merger} \end{array} \left. \vphantom{\left\{ \right\}} \right\} + \dots$$

Number of merged companies

(Notes) 1. Figures in parentheses ( ) shall be calculated for each merged company.

2. The merger adjustment shall be deducted in the case of delivered money through a merger and added in the case of payments.

Article 2 The method to calculate the rate specified in Article 7 of the By-laws shall be as follows:

$$N = B \div A$$

N: The cross rate on the calculation date of the constant value displaying currency (hereinafter referred to as “the currency”).

(Round off to four decimal places.)

A: The midpoint price of customer rates on the date of calculation of the currency

B: The midpoint price of customer rates on the calculation date for currencies other than the currency  
However, when the currency is Japanese currency, such formula shall not be used, and the midpoint price of customer rates on the calculation date shall be used.

Article 3 The method of calculating the rate specified in Article 8, Paragraph 1 of the By-laws shall be as

follows:

$$N = B \div A$$

N: Cross rate at the reserved delivery date for the calculation date.

A: The midpoint price of futures rates for customers on the reserved delivery date of the currency

B: The midpoint price of futures rates for customers on the date of reserved delivery of currencies other than the currency

Variables A and B above use the midpoint price published on the same fixed date of the month that the midpoint price of futures rates for customers is published.

However, when the currency is Japanese currency, such calculation formula shall not be used and the midpoint price of futures rates for customers on the date of delivery shall be used.

Moreover, N shall be rounded off to the **nearest four decimal places** (hereinafter the same shall apply in Article 4 below).

Article 4 The calculation method of the value specified in Article 8, Paragraph 2 of the By-laws shall be as follows:

$$N = A + \left\{ (B - A) \times \frac{n - a}{b - a} \right\}$$

N: Valuation rate on the valuation date of the Reserve Exchanges for such date

A: Cross rate for the date closest to but not after such date

B: Cross rate for the date closest to and after such date

n: Number of days from the calculation date to such date

a: Number of days from the calculation date to the date announced that is closest to but not after such date

b: Number of days from the calculation date to the date announced that is closest to and after such date

Provided, however, that when the currency is Japanese currency, variables A and B in the above formula shall be as follows:

A: The midpoint price of futures rates for customers on the day that is closest to but not after such date

B: The midpoint price of futures rates for customers on the day that is closest to and after such date

Furthermore, (B - A) **shall be rounded off to the nearest four decimal places**.

Article 5 The accounting of the matters provided in each item of Article 9 of the By-laws shall be conducted as stipulated below:

1. Accounting when converting convertible corporate bonds into shares

(a) Timing of accounting

In principle, accounting shall be done on the day the settlor company of an investment trust (meaning a settlor company of an investment trust as defined in Article 2, Paragraph 11 of the Act on Investment

Trusts and Investment Corporations (Act No. 198, 2000) and hereinafter referred to as the “Management Company”) gives instructions to the trustee company to convert shares.

(b) Accounting Processes

- (i) The book value of the convertible corporate bonds for share conversion and the certificates for corporate bonds with share option (including the certificates for corporate bonds with share option set forth in Article 341-3, Paragraph 1, Items 7 and 8 of the Old Commercial Code prior to the enforcement of the Companies Act) (hereinafter referred to as “Convertible Corporate Bonds, etc.”), which are the property set forth in Article 236, Paragraph 1, Item 3 of the Companies Act for corporate bonds with share option and for which it is specified in advance that such corporate bonds and share options may not exist independently, shall be transferred to the book value of the shares.

Moreover, if there is any balance of prepaid expenses related to such conversion, such balance of prepaid expenses shall also be transferred to the book value of the shares.

- (ii) The amount of corporate bonds to be redeemed in cash which cannot be converted into shares at the time of conversion shall be deducted from the book value of the shares obtained in (i) above and included in the accounts receivable.

The amount recorded in the accounts receivable shall be transferred to the call loan account or money trust account on the date such amount is received.

- (iii) Any uncollected amount of interest on such Convertible Corporate Bonds, etc. recorded during the period up to the date of conversion into shares shall be cancelled on the date of conversion into shares.

[Journal of Share Conversion Instruction Date]

Stock certificates	11,159,955	Corporate bonds	11,000,000
* Accounts receivable	45	(Prepaid expenses	160,000)
(Accrued interest income	-100,000)	(Interest income	-100,000)
(Number of shares:	42,553)		

- To be recorded on the date of instruction requesting conversion.

\* is the amount of corporate bonds to be redeemed in cash.

- Interest income and accrued interest income shall be cancelled.

- No entry in ( ) will be made if the conversion effect does not occur by the interest payment date of the Convertible Corporate Bonds, etc.

2. Accounting for stock subscription warrants for New Stocks acquired by a tender for rights and unclaimed stocks

(1) Treatment of stock subscription warrants for New Shares

(a) Timing of accounting

Shall be on the date of tender.

(b) Amounts, etc. to be recorded as book value

The book value shall be treated as ordinary New Stocks, the amount of which shall be the successful tender price (for premiums) plus commissions and payments, and shall not be accounted for as stock subscription warrants for New Stocks.

Moreover, payment for New Stocks shall be recorded in payment for outstanding Stocks.

(c) Fees

Said commission shall be the established commission on the successful tender price.

(2) Treatment of forfeiture of New Stocks

(a) Timing of forfeiture

Shall take place on the last day of application for such New Stocks.

(b) Accounting Processes

The unpaid amount of the payment for such New Stocks shall be cancelled and the difference between the book value of such New Stocks and the unpaid amount of the payment shall be transferred to the book value of the parent shares, and if there are no parent shares, the difference shall be treated as a loss on securities transactions.

### 3. Accounting for Sales Securities for Margin Trading

Category		Calculations	Account Journal	
1. Sell Contract	(1) Contract price	Number of new listed shares x new unit price listed	Contract Date	
	(2) Net price	Contract price - listing fee - listing consumption tax - listing transaction tax	Margin Transaction Deposit: ××× (Net Price)	Sales Securities for Margin Trading: ××× (Net Price)
	(3) Sales securities for margin trading Margin Transaction Deposit	Net price		
	(4) Guarantee deposits	Cash portion + substitute securities portion	Guarantee Deposits: ×××	Call Loans: ××× (or money trusts) Guarantee Deposits Substitute Securities:×××
	(5) Guarantee deposits Substitute Securities	Substitute securities portion		
2. Repurchases	(1) Contract price	Number of shares repurchased x unit repurchase price	Contract Date	
	(2) Deducted fees, etc. (outgoing) <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 2px; display: inline-block;">                     Fees Consumption tax Transaction tax                 </div>	(i) Full repurchase Full balance of sell contract fees, etc. (ii) Partial repurchase (*1) Balance of sell contract fees, etc. x $\frac{\text{Number of shares repurchased}}{\text{Number of outstanding sell contract shares}}$  (Fees, consumption tax, and transaction tax shall be calculated separately.)	Sales Securities for Margin Trading: ××× Accounts Receivable: ××× (Settlement Amount Receivable) Loss on Securities Transactions: ××× (Loss on Settlement)	Margin Transaction Deposit: ××× Gain on Securities Transactions: ××× (Gains on Settlement) Accounts Payable (Settlement Amount Payable)
	(3) Fees, etc. (incoming)	Fees, etc. upon repurchase	Delivery Date	
	(4) Right treatment unit price	5. Items corresponding to the Modification of rights (1) Right treatment unit price	Call Loans: ××× (Settlement Amount Receivable) Accounts Payable: ××× (Settlement Amount Payable) Other Expenses: ×××	Accounts Receivable: ××× (Settlement Amount Receivable) Call Loans: ××× (Settlement Amount Payable) Call Loans: ××× (Daily interest management fees, etc.)
	(5) Settlement amount	Number of shares repurchased x {(sell contract unit price - right treatment unit price) - unit repurchasing price} - fees, etc. (Fees, consumption tax, and transaction tax are for sell contracts (outgoing) and repurchasing (incoming)) Difference > 0.....Settlement amount receivable Difference < 0.....Settlement amount payable	Note 1: (Daily interest management fees, etc.) Call Loans: ××× (Daily interest management fees, etc.)	Other Revenue: ××× Note 2: (Daily interest management fees, etc.)
	(6) Deducted margin transaction deposit	(i) Full repurchase Balance of margin transaction deposit (ii) Partial repurchase $\frac{\text{Number of shares repurchased}}{\text{Number of outstanding sell contract shares}}$ - deducted fees, etc. (Individually calculated in (*1))	Collateral Withdrawal Date	
	(7) Deducted sales securities for margin trading	(i) If before revaluation, an amount equivalent to the deducted margin transaction deposit (ii) Partial repurchase after revaluation $\frac{\text{Number of shares repurchased}}{\text{Number of outstanding sell contract shares}}$ Balance of sales securities for margin trading x	Call Loans: ××× (or money trusts) Guarantee Deposits Substitute Securities: ×××	Guarantee Deposits: ×××
	(8) Settlement loss or gain	Deducted sales securities for margin trading - deducted margin transaction deposit +/- settlement amount receivable and payable Difference > 0.....Gains on securities transactions Difference < 0.....Loss on securities transactions		

Category		Calculations	Account Journal	
	(9) Daily interest management fees, etc. ( Other Proceeds ) ( Other Expenses )	Received daily interest (interest rate) - negative daily interest payable (premiums) - administration costs Note 1: This shall be the total amount of the negative daily interest payable and margin transaction administration costs. Note 2: This shall be the amount of the received daily interest. Note 3: The amounts in both Note 1 and Note 2 shall be offset. Difference > 0.....Other Revenue Difference < 0.....Other Expenses		
	(10) Guarantee deposits	Cash portion + substitute securities portion		
	(11) Guarantee deposits Substitute Securities	Substitute securities portion		
3. Actual Delivery	(1) Deducted fees, etc. (Outgoing)	Full amount of fees, consumption tax, and transaction tax	Contract Date	
	(2) Right treatment unit	5. Items corresponding to the Modification of rights (1) Right treatment unit price	Sales Securities for Margin Trading: xxx	Margin transaction deposit: xxx
	(3) Settlement amount receivable	Number of shares actually delivered x (sell contract unit price - right treatment unit price) - deducted fees, etc. Difference.....Settlement amount receivable	Loss on Securities Transactions: xxx (Loss due to revaluation)	Gain on Securities Transactions: xxx (Gain due to revaluation)
	(4) Deducted margin transaction deposit	Full amount of balance of margin transaction deposit	Accounts Receivable: xxx (Settlement Amount Receivable)	Share certificates: xxx (Book value in kind)
	(5) Deducted sales securities for margin trading	Full balance of sales securities for margin trading	Loss on Securities Transactions: xxx (Loss in kind)	Gain on Securities Transactions: xxx (Gains in kind)
	(6) Book value of deducted stock certificates	(i) Number of shares actually delivered = number of shares in kind Full balance of book value of stock certificates (ii) Number of shares actually delivered < number of shares in kind Number of shares actually delivered x book value unit price of stock certificates	Delivery Date	
	(7) Settlement loss or gain	Deducted sales securities for margin trading - deducted margin transaction deposit (loss or gain due to revaluation) Difference > 0.....Gains on securities transactions Difference < 0.....Loss on securities transactions Settlement amount receivable - book value of deducted stock certificates (loss or gain in kind) Difference > 0.....Gains on securities transactions Difference < 0.....Loss on securities transactions	Call Loans:xxx (Settlement Amount Receivable) Other Expenses: xxx Note 1: (Daily interest management fees, etc.) Call Loans: xxx (Daily interest management fees, etc.)	Accounts Receivable: xxx (Settlement Amount Receivable) Call Loans: xxx (Daily interest management fees, etc.) Other Revenue: xxx Note 2: (Daily interest management fees, etc.)
	(8) Daily interest management fees ( Other Revenue ) ( Other Expenses )	Received daily interest (interest rate) - negative daily interest payable (premiums) - administration costs Note 1: This shall be the total amount of the negative daily interest payable and margin transaction administration costs. Note 2: This shall be the amount of the received daily interest. Note 3: The amounts in both Note 1 and Note 2 shall be offset. Difference > 0.....Other Revenue Difference < 0.....Other Expenses	Collateral Withdrawal Date	
	(9) Guarantee deposits	Cash portion + substitute securities portion	Call Loans:xxx (or money trusts) Guarantee Deposits Substitute Securities: xxx	Guarantee Deposits: xxx
	(10) Guarantee deposits Substitute Securities	Substitute securities portion		



Category		Calculations	Account Journal
4. Ex-dividend	(1) Ex-dividend adjustment amount	Estimated dividend unit price x number of outstanding sell contract shares x (1 - withholding tax rate)	Ex-dividend Date
	(2) Ex-dividend adjustment amount payable	Ex-dividend adjustment amount - ex-dividend adjustment amount payable Difference > 0.....Other Revenue Difference < 0.....Other Expenses	Other Expenses: ××× (Amount of Ex-dividend adjustment)  Payment Date of Amount of Ex-dividend Adjustment  Other Accrued Expenses: ××× (Amount of Ex-dividend adjustment)
	(3) Guaranteed dividend adjustment amount	Ex-dividend adjustment amount payable - guaranteed dividend amount Difference > 0.....Other Revenue Difference < 0.....Other Expenses	Other Accrued Expenses: ××× (Amount of Ex-dividend adjustment) Other Expenses: ××× (Difference)  Date of Recording of Guaranteed dividend adjustment amount  Call Loans: ××× (or money trusts) (Ex-dividend adjustment amount to be paid) Other Revenue: ××× (Difference)  Call Loans: ××× (or money trusts) (Guaranteed dividend adjustment amount) Other Revenue: ××× (Guaranteed dividend adjustment amount)
5. Modification of Rights	Method by market quotation revision	(1) Right treatment unit price	Unit price for market quotation revision announced by the exchange on the date of ex-rights
		(2) Right modification fee	Number of outstanding sell contract shares x right treatment unit price
	Method by revision on number of shares/share price	If New Stocks are allotted in integer multiples, they shall be treated in the manner prescribed by the exchange, and the above treatment shall not apply.	
6. Valuation		Sales securities for margin trading - (outstanding number of sell contract shares x evaluated unit price) Difference > 0.....Gain on valuation of securities Difference < 0.....Loss on valuation of securities	Loss or Gain on Valuation of Securities: ×××
7. Revaluation		The open funds will be reevaluated at the fiscal year end.  Gain on valuation of securities.....Gain on securities transactions Loss on valuation of securities.....Loss on securities transactions	Date of Settlement of Accounts  Loss on Securities Transactions: ××× Sales Securities for Margin Trading: ××× Sales Securities for Margin Trading: ××× Gain on Securities Transactions: ×××

#### 4. Accounting for Short Selling of Bond Certificates (Excluding Those with Interest)

##### I. Actual Delivery by Purchase in Kind

Transaction	Account Journal		Description
1. Short Sale Contract Date	August 11		Short selling of interest-bearing government bonds Contract date: August 11      Delivery date: August 24 Contract face value: 100 million yen Interest: 3.9% Interest payment date: June 21 and December 21, twice a year Contract unit price: 93.55 yen Contract price: 93,550,000 yen Transaction tax: 28,065 yen Accrued interest: 683,835 yen Delivery price: 94,205,770 yen
	Accounts Receivable	Sales of Securities Borrowed	
	93,521,935	93,521,935	
2. Contract Date for Purchase in Kind	August 20		
	National Government Bond Certificates	Accounts Payable	
	93,650,000	93,650,000	
	Sales of Securities Borrowed	National Government Bond Certificates	
	93,521,935	93,650,000	
	Loss on Securities Transactions		
	128,065		
3. Delivery Date for Purchase in Kind (Short Sale Delivery Date)	August 24		
	Call Loans	Accounts Receivable	
	94,205,770	93,521,935	
		Advances Received	
		683,835	
	Accounts Payable	Call Loans	
	93,650,000	94,333,835	
	Prepaid Expenses		
	683,835		
	Advances Received	Prepaid Expenses	
	683,835	683,835	

Transaction	Account Journal	Description						
4. Valuation	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss or Gain on Valuation of Securities  <div style="text-align: right; margin-right: 10px;">-78,065</div> </td> <td style="width: 50%; padding: 5px;"></td> </tr> </table>	<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss or Gain on Valuation of Securities <div style="text-align: right; margin-right: 10px;">-78,065</div>		<p>Evaluated unit price: 93.60 yen  Loss or gain on valuation of securities  = Sales of securities borrowed - appraised value  = 93,521,935                      - 93,600,000</p>				
<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss or Gain on Valuation of Securities <div style="text-align: right; margin-right: 10px;">-78,065</div>								
5. Revaluation of Accounts for Settlement (Open Type)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed </td> <td style="width: 50%; padding: 5px;"> Gain on Securities Transactions </td> </tr> <tr> <td colspan="2" style="text-align: center; padding: 5px;">Or</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss on Securities Transactions </td> <td style="width: 50%; padding: 5px;"> <div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed </td> </tr> </table>	<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed	Gain on Securities Transactions	Or		<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss on Securities Transactions	<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed	<p>The valuation loss or gain on the date of the settlement of accounts shall be adjusted to the book value of sales of securities borrowed.</p>
<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed	Gain on Securities Transactions							
Or								
<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Loss on Securities Transactions	<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> Sales of Securities Borrowed							

## II. Actual Delivery by Borrowing Bond Certificates

Transaction	Account Journal		Description
1. Short Sale Contract Date	August 11		Short selling of interest-bearing government bonds Contract date: August 11      Delivery date: August 24 Contract face value: 100 million yen Interest: 3.9% Interest payment date: June 21 and December 21, twice a year Contract unit price: 93.55 yen Contract price: 93,550,000 yen Transaction tax: 28,065 yen Accrued interest: 683,835 yen Delivery price: 94,205,770 yen
	Accounts Receivable 93,521,935	Sales of Securities Borrowed 93,521,935	
2. Date of Conclusion of Loan Agreement	No treatment		Borrowing of the Same Issue Loan date: August 24      Repayment date: August 30 Loan face value: 100 million yen Loan unit price: 93.75 yen Loan amount: 93,750,000 yen
3. Loan Issue Date (Short Sale Delivery Date)	August 24		
	Borrowing Trade Securities 93,750,000	Securities Borrowed 93,750,000	
	Call Loans 94,205,770	Accounts Receivable 93,521,935	
		Advances Received 683,835	

Transaction	Account Journal		Description
4. Calculating Interest Expenses	August 25 - August 30		Equivalent to the method of calculating accrued interest income on bond certificates
	Interest Expense 10,684	Accrued Interest Expenses 10,684	
5. Contract Date for Purchase in Kind	August 26		Purchase of the Same Issue Contract date: August 26      Delivery date: August 30 Contract face value: 100 million yen Contract unit price: 93.85 yen Contract price: 93,850,000 yen Accrued interest: 747,945 yen Delivery price: 94,597,945 yen
	National Government Bond Certificates 93,850,000	Accounts Payable 93,850,000	
	Sales of Securities Borrowed 93,521,935	National Government Bond Certificates 93,850,000	
	Loss on Securities Transactions 328,065		
6. Repayment Date of Borrowed Bond Certificates	August 30		* Treatment of deposits for borrowed bond certificates and bond-borrowing commission, etc. shall correspond to accounting for borrowed bond certificates.
	Accounts Payable 93,850,000	Call Loans 94,597,945	
	Prepaid Expenses 747,945	Prepaid Expenses 747,945	
	Accrued Interest Expenses 64,104		
	Advances Received 683,835		
	Interest Expense 6		
	Securities Borrowed 93,750,000	Borrowing Trade Securities 93,750,000	
7. Interest Deposit	Interest Payment Date		If there is any interest payment date between the date of delivery of sales of securities borrowed and the date of repayment of borrowed bond certificates, an amount equivalent to the interest shall be paid to the lender.
	Accrued Interest Expenses XXX,XXX	Call Loans (Amount equivalent to interest)	
	Advances Received XXX,XXX		
	Interest Expense XXX		

5. Accounting for Short Selling of Bond Certificates (If with Interest)

I. Actual Delivery by Purchase in Kind

Transaction	Account Journal		Description
1. Short Sale Contract Date	August 11		Short selling of interest-bearing government bonds Contract date: August 11      Delivery date: August 24 Contract face value: 100 million yen Interest: 3.9% Interest payment date: June 21 and December 21, twice a year Contract unit price: 93.55 yen Contract price: 93,550,000 yen Transaction tax: 28,065 yen Accrued interest: 683,835 yen Delivery price: 94,205,770 yen
	Accounts Receivable 94,205,770	Sales of Securities Borrowed 94,205,770	
2. Contract Date for Purchase in Kind	August 20		Purchase of the Same Issue Contract date: August 20      Delivery date: August 24 Contract face value: 100 million yen Contract unit price: 93.65 yen Contract price: 93,650,000 yen Accrued interest: 683,835 yen Delivery price: 94,333,835 yen
	National Government Bond Certificates 94,333,835	Accounts Payable 94,333,835	
	Sales of Securities Borrowed 94,205,770	National Government Bond Certificates 94,333,835	
	Loss on Securities Transactions 128,065		
3. Delivery Date for Purchase in Kind (Short Sale Delivery Date)	August 24		
	Call Loans 94,205,770	Accounts Receivable 94,205,770	
		Call Loans 94,333,835	
	Accounts Payable 94,333,835		

Transaction	Account Journal	Description						
<p>4. Valuation</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; padding-top: 5px;">           Loss or Gain on Valuation of Securities  <div style="text-align: right;">-78,065</div> </div> </td> <td style="width: 50%; padding: 5px;"></td> </tr> </table>	<div style="border-top: 1px solid black; padding-top: 5px;">           Loss or Gain on Valuation of Securities  <div style="text-align: right;">-78,065</div> </div>		<p>Evaluated unit price: 93.60 yen            Loss or gain on valuation of securities            = Sales of Securities Borrowed - (appraised value + accrued interest + interest payable)            = 94,205,770 - (93,600,000 + 683,835 + 0)</p> <p>The valuation loss or gain on the date of the settlement of accounts shall be adjusted to the book value of sales of securities borrowed.</p>				
<div style="border-top: 1px solid black; padding-top: 5px;">           Loss or Gain on Valuation of Securities  <div style="text-align: right;">-78,065</div> </div>								
<p>5. Revaluation of Accounts for Settlement (Open Type)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div> </td> <td style="width: 50%; padding: 5px;"> <div style="border-top: 1px solid black; padding-top: 5px;">           Gain on Securities Transactions         </div> </td> </tr> <tr> <td colspan="2" style="text-align: center; padding: 5px;">Or</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;"> <div style="border-top: 1px solid black; padding-top: 5px;">           Loss on Securities Transactions         </div> </td> <td style="padding: 5px;"> <div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div> </td> </tr> </table>	<div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div>	<div style="border-top: 1px solid black; padding-top: 5px;">           Gain on Securities Transactions         </div>	Or		<div style="border-top: 1px solid black; padding-top: 5px;">           Loss on Securities Transactions         </div>	<div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div>	
<div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div>	<div style="border-top: 1px solid black; padding-top: 5px;">           Gain on Securities Transactions         </div>							
Or								
<div style="border-top: 1px solid black; padding-top: 5px;">           Loss on Securities Transactions         </div>	<div style="border-top: 1px solid black; padding-top: 5px;">           Sales of Securities Borrowed         </div>							

## II. Actual Delivery by Borrowing Bond Certificates

Transaction	Account Journal		Description
1. Short Sale Contract Date	August 11		Short selling of interest-bearing government bonds Contract date: August 11      Delivery date: August 24 Contract face value: 100 million yen Interest: 3.9% Interest payment date: June 21 and December 21, twice a year Contract unit price: 93.55 yen Contract price: 93,550,000 yen Transaction tax: 28,065 yen Accrued interest: 683,835 yen Delivery price: 94,205,770 yen  Borrowing of the Same Issue Loan date: August 24      Repayment date: August 30 Loan face value: 100 million yen Loan unit price: 93.75 yen Loan amount: 93,750,000 yen
	Accounts Receivable 94,205,770	Sales of Securities Borrowed 94,205,770	
2. Date of Conclusion of Loan Agreement	No treatment		
3. Loan Issue Date (Short Sale Delivery Date)	August 24		
	Borrowing Trade Securities 93,750,000	Securities Borrowed 93,750,000	
	Call Loans 94,205,770	Accounts Receivable 94,205,770	



Transaction	Account Journal		Description												
4. Contract Date for Purchase in Kind	<p style="text-align: center;">August 26</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 2px;">National Government Bond Certificates</td> <td style="width: 50%; padding: 2px;">Accounts Payable</td> </tr> <tr> <td style="text-align: right; padding: 2px;">94,597,945</td> <td style="text-align: right; padding: 2px;">94,597,945</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px;">Sales of Securities Borrowed</td> <td style="padding: 2px;">National Government Bond Certificates</td> </tr> <tr> <td style="text-align: right; padding: 2px;">94,205,770</td> <td style="text-align: right; padding: 2px;">94,597,945</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px;">Loss on Securities Transactions</td> <td></td> </tr> <tr> <td style="text-align: right; padding: 2px;">392,175</td> <td></td> </tr> </table>		National Government Bond Certificates	Accounts Payable	94,597,945	94,597,945	Sales of Securities Borrowed	National Government Bond Certificates	94,205,770	94,597,945	Loss on Securities Transactions		392,175		<p>Purchase of the Same Issue  Contract date: August 26      Delivery date: August 30  Contract face value: 100 million yen  Contract unit price: 93.85 yen  Contract price: 93,850,000 yen  Accrued interest: 747,945 yen  Delivery price: 94,597,945 yen  * If there is any interest payment date before the in-kind delivery date, only an amount equivalent to the interest shall be deducted through reduction of the book value of sales of securities borrowed.</p>
National Government Bond Certificates	Accounts Payable														
94,597,945	94,597,945														
Sales of Securities Borrowed	National Government Bond Certificates														
94,205,770	94,597,945														
Loss on Securities Transactions															
392,175															
5. Repayment Date for Borrowed Bond Certificates	<p style="text-align: center;">August 30</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 2px;">Accounts Payable</td> <td style="width: 50%; padding: 2px;">Call Loans</td> </tr> <tr> <td style="text-align: right; padding: 2px;">94,597,945</td> <td style="text-align: right; padding: 2px;">94,597,945</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px;">Securities Borrowed</td> <td style="padding: 2px;">Borrowing Trade Securities</td> </tr> <tr> <td style="text-align: right; padding: 2px;">93,750,000</td> <td style="text-align: right; padding: 2px;">93,750,000</td> </tr> </table>		Accounts Payable	Call Loans	94,597,945	94,597,945	Securities Borrowed	Borrowing Trade Securities	93,750,000	93,750,000	<p>* Treatment of deposits for borrowed bond certificates and bond-borrowing commission, etc. shall correspond to accounting for borrowed bond certificates.</p>				
Accounts Payable	Call Loans														
94,597,945	94,597,945														
Securities Borrowed	Borrowing Trade Securities														
93,750,000	93,750,000														
6. Interest Deposit	<p style="text-align: center;">Interest Payment Date</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 2px;">Accrued Interest Expenses (Amount equivalent to interest)</td> <td style="width: 50%; padding: 2px;">Call Loans (Amount equivalent to interest)</td> </tr> </table>		Accrued Interest Expenses (Amount equivalent to interest)	Call Loans (Amount equivalent to interest)	<p>If there is any interest payment date from the date of delivery of the sales of securities borrowed until the date of repayment of the borrowed bond certificates, the book value of the sales of securities borrowed shall be amended at the same time as payment to the lender of an amount equivalent to the interest.</p>										
Accrued Interest Expenses (Amount equivalent to interest)	Call Loans (Amount equivalent to interest)														

## 6. Accounting for Borrowed Shares

Transaction	Account Journal	Description	Remarks				
1. Date of Conclusion of Loan Agreement (September 10)	No account processing	Example) Borrowing of stock certificates Date of conclusion of loan agreement: September 10 Loan issue date: September 12 Repayment date: Not normally specified Number of borrowed shares: 10,000 Conclusion date units: 510 yen	* Contract execution normally takes place before the short-sale contract date. * There is a gap in the time between borrowing and short sale. * Not all shares borrowed will be short sold.				
2. Loan Issue Date (Delivery Date of Borrowed Shares)	<p style="text-align: center;">September 12</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Borrowing Trade Securities 5,050,000</td> <td style="width: 50%; padding: 5px;">Securities Borrowed 5,050,000</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;">Guarantee Deposits 5,355,000</td> <td style="padding: 5px;">Call Loans 5,355,000</td> </tr> </table>	Borrowing Trade Securities 5,050,000	Securities Borrowed 5,050,000	Guarantee Deposits 5,355,000	Call Loans 5,355,000	<p>Borrowing transactions are calculated at the market value of 505 yen on the business day immediately preceding the loan issue date. @ 505 yen x 10,000 shares = 5,050,000</p> <p>The deposited collateral is calculated at the market value of 510 yen as of September 10, the date of conclusion of the loan agreement. Deposited collateral: @510 yen x 10,000 shares x 105% = 5,355,000</p> <p>The deposited collateral shall accrue by the transaction agreement regardless of whether the borrowed shares are sold.</p> <p>The deposited collateral shall be marked-to-market at market value two business days prior. The same shall apply to any additional deposits.</p>	<p>* There will be no trading loss or gain for funds at the time of the loan issue date (share delivery date).</p> <p>* Collateral is cash or substitute securities.</p> <p>* The loan issue date and share sale and delivery date are not necessarily the same.</p> <p>* The effective date of the market value (@ 510) and the loanable value of the deposited collateral (approximately 105%) are agreed upon in the contract.</p>
Borrowing Trade Securities 5,050,000	Securities Borrowed 5,050,000						
Guarantee Deposits 5,355,000	Call Loans 5,355,000						
3. Short-Sale (Share Sell) Contract Date	<p style="text-align: center;">September 13</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Accounts Receivable 4,997,375</td> <td style="width: 50%; padding: 5px;">Sales of Securities Borrowed 4,997,375</td> </tr> </table>	Accounts Receivable 4,997,375	Sales of Securities Borrowed 4,997,375	<p>Example) Short sale of stock certificates Contract date: September 13 Delivery date: September 18 Number of contracted shares: 10,000 Contract unit price: 500 yen Contract price: 5,000,000 yen Fee: 2,625 yen (including consumption tax) Delivery price: 4,997,375 yen</p>	<p>* There will be no trading loss or gain for funds at the time of short selling.</p> <p>* This does not suppose short selling without share borrowing (share sale).</p> <p>* Valuation shall begin on the date of recording of contract.</p>		
Accounts Receivable 4,997,375	Sales of Securities Borrowed 4,997,375						
4. Share Sale and Delivery Date	<p style="text-align: center;">September 18</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Call Loans 4,997,375</td> <td style="width: 50%; padding: 5px;">Accounts Receivable 4,997,375</td> </tr> </table>	Call Loans 4,997,375	Accounts Receivable 4,997,375				
Call Loans 4,997,375	Accounts Receivable 4,997,375						
5. Share-Borrowing Commission (During the Borrowing Period)	<p style="text-align: center;">Each day September 12-September 30</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Other Expenses 111</td> <td style="width: 50%; padding: 5px;">Other Accrued Expenses 111</td> </tr> </table>	Other Expenses 111	Other Accrued Expenses 111	<p>Example) Loan rate: 0.80% per annum Daily value x 0.80% ÷ 365 = 111</p>	<p>* To be calculated from the loan issue date or the first business day following the loan issue date Example) Closing at the end of month and payment on the 10th of the following month</p>		
Other Expenses 111	Other Accrued Expenses 111						

Transaction	Account Journal	Description	Remarks								
6. Interest on Collateral	<p style="text-align: center;">Each day September 12-September 30</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Accrued Revenue</td> <td style="width: 50%;">Other Revenue</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">13</td> <td style="text-align: right;">13</td> </tr> </table>	Other Accrued Revenue	Other Revenue	13	13	Example) Deposit interest rate (interest): 0.10% per annum Daily amount of collateral x 0.10% ÷ 365 = 13	<p>* To be recorded from the date of recording of the guarantee deposits or from the first business day following the date of recording</p> <p>* The date of receipt is determined by the transaction agreement.</p> <p>Example) Closing at the end of the month and receipt on the 10th of the following month</p>				
Other Accrued Revenue	Other Revenue										
13	13										
7. Contract Date for Repurchase in Kind	<p style="text-align: center;">October 22</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Sales of Securities Borrowed</td> <td style="width: 50%;">Accounts Payable</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">4,997,375</td> <td style="text-align: right;">4,502,362</td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;">Gain on Securities Transactions</td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;">495,013</td> </tr> </table>	Sales of Securities Borrowed	Accounts Payable	4,997,375	4,502,362		Gain on Securities Transactions		495,013	Example) Repurchase of the same issue Contract date: October 22 Delivery date: October 25 Number of contracted shares: 10,000 Contract unit price: 450 yen Contract price: 4,500,000 yen Fee: 2,362 yen (including consumption tax) Delivery price: 4,502,362 yen	* Not all short-sold shares will be repurchased.
Sales of Securities Borrowed	Accounts Payable										
4,997,375	4,502,362										
	Gain on Securities Transactions										
	495,013										
8. Delivery Date of Repurchased Stock Certificates	<p style="text-align: center;">October 25</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Payable</td> <td style="width: 50%;">Call Loans</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">4,502,362</td> <td style="text-align: right;">4,502,362</td> </tr> </table>	Accounts Payable	Call Loans	4,502,362	4,502,362		* The loan repayment date and share repurchase and delivery date are not necessarily the same.				
Accounts Payable	Call Loans										
4,502,362	4,502,362										
9. Borrowed Shares Repayment Date	<p style="text-align: center;">October 31</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Securities Borrowed</td> <td style="width: 50%;">Borrowing Trade Securities</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">5,100,000</td> <td style="text-align: right;">5,100,000</td> </tr> </table>	Securities Borrowed	Borrowing Trade Securities	5,100,000	5,100,000		* Not all borrowed shares will be returned.				
Securities Borrowed	Borrowing Trade Securities										
5,100,000	5,100,000										
10. Withdrawal of Collateral	<p style="text-align: center;">October 31</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%;">Guarantee Deposits</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">4,530,000</td> <td style="text-align: right;">4,530,000</td> </tr> </table>	Call Loans	Guarantee Deposits	4,530,000	4,530,000	The same shall apply to the mark-to-market withdrawal of collateral. The amount of the collateral withdrawal shall be in accordance with the transaction agreement.					
Call Loans	Guarantee Deposits										
4,530,000	4,530,000										
11. Payment of Share-Lending Commission	<p style="text-align: center;">(Payment date)</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Accrued Expenses</td> <td style="width: 50%;">Call Loans</td> </tr> <tr> <td style="text-align: right; border-right: 1px solid black;">3,459</td> <td style="text-align: right;">3,459</td> </tr> </table>	Other Accrued Expenses	Call Loans	3,459	3,459	Payment amount: $\Sigma$ (Daily appraisal value x 0.80% ÷ 365) = 3,459 yen The payment date and method for item rental shall be in accordance with the transaction agreement. Adjustment for any leftover amount shall be made in "Other Expenses."					
Other Accrued Expenses	Call Loans										
3,459	3,459										

Transaction	Account Journal	Description	Remarks												
12. Receipt of Interest	<p style="text-align: center;">(Date of receipt)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%; border-bottom: 1px solid black;">Other Accrued Revenue</td> </tr> <tr> <td style="text-align: right;">455</td> <td style="text-align: right;">455</td> </tr> </table>	Call Loans	Other Accrued Revenue	455	455	<p>Amount received: <math>\Sigma</math> (daily amount of collateral x 0.10% <math>\div</math> 365) = 455 yen The receipt date and method for interest shall be in accordance with the transaction agreement. Adjustment for any leftover amount shall be made in "Other Revenue."</p>									
Call Loans	Other Accrued Revenue														
455	455														
13. Ex-Dividend	<p style="text-align: center;">(Ex-dividend date)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Expenses</td> <td style="width: 50%; border-bottom: 1px solid black;">Other Accrued Expenses</td> </tr> <tr> <td style="text-align: right;">30,000</td> <td style="text-align: right;">30,000</td> </tr> </table> <p style="text-align: center;">(Right allotment date)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Expenses</td> <td style="width: 50%; border-bottom: 1px solid black;">Other Accrued Expenses</td> </tr> <tr> <td style="text-align: right;">20,000</td> <td style="text-align: right;">20,000</td> </tr> </table> <p style="text-align: center;">(Payment date to the lender)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Accrued Expenses</td> <td style="width: 50%; border-bottom: 1px solid black;">Call Loans</td> </tr> <tr> <td style="text-align: right;">50,000</td> <td style="text-align: right;">50,000</td> </tr> </table>	Other Expenses	Other Accrued Expenses	30,000	30,000	Other Expenses	Other Accrued Expenses	20,000	20,000	Other Accrued Expenses	Call Loans	50,000	50,000	<p>An ex-dividend adjustment amount shall be recorded for the number of short-sale shares. Ex-dividend adjustment amount = Estimated dividend unit price x number of short-sale shares x 100%</p> <p>The number of borrowed shares, excluding the number of short-sale shares, calculated on the ex-dividend date shall be calculated as the ex-dividend adjustment amount. Ex-dividend adjustment amount = Estimated dividend unit price x number of borrowed shares (*) x 100% * Excluding the number of short-sale shares calculated on the ex-dividend date Example) Estimated dividend unit price: 50 yen Number of borrowed shares: 1,000 Number of short-sale shares: 600</p>	* Payment method at the time of ex-dividend shall be in accordance with the transaction agreement.
Other Expenses	Other Accrued Expenses														
30,000	30,000														
Other Expenses	Other Accrued Expenses														
20,000	20,000														
Other Accrued Expenses	Call Loans														
50,000	50,000														
14. Ex-Rights for New Shares	<p>Ex-rights date: Number of short-sale shares is increased by the number of the newly allotted shares.</p> <p style="text-align: center;">(Payment date of money equivalent to fractional shares)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Other Expenses</td> <td style="width: 50%; border-bottom: 1px solid black;">Call Loans</td> </tr> <tr> <td style="text-align: right;">38,500</td> <td style="text-align: right;">38,500</td> </tr> </table>	Other Expenses	Call Loans	38,500	38,500	<p>If the new share allotment date comes before the due date for repayment of borrowed shares, a number of shares equivalent to the new shares shall be refunded to the lender in old shares on the new share delivery date. The item rental fee for new shares shall not be included until the new share delivery date because the occurrence of liabilities shall be from the new share delivery date. Collateral shall be calculated by increasing the allotment of new shares from the right allotment date.</p>	<p>* If fractional shares have been generated, an amount in cash equivalent to the number of fractional shares shall be repaid based on the agreement. * If the borrowed shares are repaid by the new share issue date, it is sufficient to repay only the original number of old shares and to arrange to repay a number of old shares equivalent to the number of the new shares on the new share issue date.</p>								
Other Expenses	Call Loans														
38,500	38,500														
15. Valuation	<p style="text-align: center;">(Daily valuation)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Loss or Gain on Valuation of Securities</td> <td style="width: 50%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: center;">xxxx</td> <td></td> </tr> </table>	Loss or Gain on Valuation of Securities		xxxx		<p>Sales of securities borrowed shall be valued on a daily basis at actual market value. Sales of securities borrowed - (number of short-sale shares x evaluated market value)</p> <p>Difference &gt; 0.....Gain on valuation of securities Difference &lt; 0.....Loss on valuation of securities</p>	<p>* Valuation shall begin on the date of recording of the short sale (share sale) contract. * Loan transactions shall not be evaluated.</p>								
Loss or Gain on Valuation of Securities															
xxxx															

Transaction	Account Journal	Description	Remarks		
16. Revaluation	<p style="text-align: center;">(Daily valuation)</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Loss on Valuation of Securities (Sales of securities borrowed)</td> <td style="width: 50%; padding: 5px;">Sales of Securities Borrowed (Gain on valuation of securities)</td> </tr> </table>	Loss on Valuation of Securities (Sales of securities borrowed)	Sales of Securities Borrowed (Gain on valuation of securities)	<p>Open type funds will be reevaluated at fiscal year end.</p> <p>Gain on valuation of securities.....Gain on securities transactions  Loss on valuation of securities.....Loss on securities transactions</p>	<p>* The following items shall be noted at the time of creation of a balance sheet as stipulated in the Cabinet Office Order issued by the Prime Minister's Office:</p> <ol style="list-style-type: none"> <li>1. That money has been borrowed for the securities</li> <li>2. The estimated market value of the securities borrowed (those that have not been repaid)</li> <li>3. That gain and loss on transactions shall be recorded on the contract date for repurchase of the sales of securities borrowed</li> </ol>
Loss on Valuation of Securities (Sales of securities borrowed)	Sales of Securities Borrowed (Gain on valuation of securities)				

7. Accounting for Settlement after Tax Deduction of an Amount Equivalent to Existing Accrued Interest on Sales of Domestic Public and Corporate Bonds

Processing shall be as follows when the equivalent amount to existing accrued interest pertaining to the sales of domestic public and corporate bonds is settled by the amount after tax deduction (meaning an amount from which an equivalent amount to tax is deducted):

- (1) The amount equivalent to existing accrued interest recorded on the prepaid expenses account at the time of acquisition shall be the amount less the amount equivalent to tax (meaning the amount actually to be paid).
- (2) The amount for account receivable for bond interests to be recorded on a daily basis after the time of acquisition shall be tax inclusive (meaning an amount including the amount equivalent to tax).
- (3) The difference between the amount equivalent to existing accrued interest or bond interest actually received at the time of sale or on the interest payment date and the amount of prepaid expenses account and the amount of accrued interest income account to be deducted at that time shall be adjusted by increasing or decreasing the account for interest income.

[Journal Entry Example (excluding corporate bond calculation)]:

If convertible corporate bonds with a face value of 4 million yen and an annual interest rate of 7.3% are acquired after 100 days and sold after 50 days

1. Acquisition

Prepaid Expenses	<u>64,000</u>	Call Loans	<u>64,000</u>
		(or money trusts)	

2. Accrued Interest Income (for 50 days)

Accrued Interest Income	40,000	Interest Income	40,000
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3. Sale

Call Loans	96,000	Prepaid Expenses	64,000
(or money trusts)		Accrued Interest Income	40,000
		Interest Income	-8,000
	<u>96,000</u>		<u>96,000</u>

4. Interest Payment Date

Call Loans	146,000	Prepaid Expenses	<u>64,000</u>
(or money trusts)		Accrued Interest Income	<u>66,000</u>
		Interest Income	<u>16,000</u>
	146,000		146,000

8. Accounting for Brokerage Fees for Foreign Securities

Brokerage fees for foreign securities shall be processed in other foreign currency expenses accounts and other unpaid expense accounts each time a contract is made.

[Journal Entry Example]

Brokerage fees shall be processed in the other foreign currency expenses accounts and other unpaid expense accounts each time a contract is made.

Other Accrued Expenses	Call Loans (or money trusts)
------------------------	---------------------------------

#### 9. Accounting for Foreign Shares Listed on Domestic Financial Instruments Exchanges

Processing of foreign securities listed on domestic financial instruments exchanges shall be as follows:

- (1) Amounts to be recorded on the foreign investments account and the foreign currency funds account shall be the acquisition value of foreign shares. The amount to be deducted from these accounts shall be the book value pertaining to the sale of foreign shares.
- (2) Transfers of deposits recorded in assets denominated in foreign currencies to assets denominated in Japanese currency shall be made on the date of recording of the deposit.

Respective losses and gains on assets denominated in foreign currencies pertaining to the recorded amount shall be simultaneously transferred to the assets denominated in Japanese currency.

- (3) Deposit processing subject to the balance of account receivable on the closing date, the profit or loss of the assets denominated in foreign currencies subject to the recorded amount shall be deducted from the equivalent amount to the profit or loss that is transferred to the foreign currency funds account. Any amount that cannot be deducted shall be processed as a loss or gain for the period.

[Journal Entry Example]

Category	Assets Denominated in Japanese Currency		Assets Denominated in Foreign Currencies		Remarks
1. Purchase Contract Date	No treatment		Stock certificates: xxx	Accounts Payable: xxx	To be recorded in foreign investments account and Foreign currency fund account. The amount shall be the acquisition value (in Japanese currency) of securities denominated in foreign currencies. Valuation shall be added to valuation loss or gain for the foreign investments account.
2. Purchase Delivery Date	Foreign Investments a/c: xxx	Call Loans: xxx (or money trusts)	Accounts Payable: xxx Deposit: xxx	Deposit: xxx Foreign Currency Funds: xxx	
3. Sales Contract Date	No treatment		Accounts Receivable: xxx Loss on Transactions: xxx	Stock certificates: xxx Gain on Transactions: xxx	
4. Sale Delivery Date	Call Loans: xxx (or money trusts) Loss on Transactions: xxx	Foreign Investments a/c: xxx Gain on Transactions: xxx	Deposit: xxx Foreign Currency Funds: xxx Gain on Transactions: xxx	Accounts Receivable: xxx Deposit: xxx Loss on Transactions: xxx	Deposits recorded in assets denominated in foreign currencies shall be transferred to assets denominated in Japanese currency on the date of recording the amount. "All losses and gains on assets denominated in foreign currencies pertaining to the amount to be recorded shall be simultaneously transferred to the assets denominated in Japanese currency." The amount deducted from foreign investments account and foreign currency funds account shall be the book value for sale of securities denominated in foreign currencies.
5. Cash Dividends (1) Ex-dividend Date	No treatment		Accrued Dividends Receivable: xxx	Stock Dividends: xxx	
(2) Deposit Date	Call Loans: xxx  (or money trusts) Other Foreign Currency Expenses: xxx	Stock Dividends: xxx  Other Foreign Currency Revenue: xxx	Deposit: xxx  Stock Dividends: xxx	Accrued Dividends Receivable: xxx  Deposit: xxx	Amount of accrued dividends receivable = Unit price of dividends before tax (expressed denominated in foreign currency) × number of shares × T.T.B on the ex-dividend date  Cash dividends shall be paid to the trustee in Japanese currency by the bank handling the dividend payment. The difference between T.T.B on the ex-dividend date and T.T.B on the date the bank handling dividend payment converts dividends into yen shall be processed on the payment date as other foreign currency expenses or other foreign currency revenues. Foreign income taxes are to be recorded off the books.
6. Processing of Share Dividends (1) Ex-dividend Date	No treatment		No treatment		
(2) Deposit date of fractional disposal amount	Call Loans: xxx (or money trusts)	Other Revenue: xxx	Deposit: xxx Other Revenue: xxx	Other Revenue: xxx Deposit: xxx	Stock certificates shall be issued only for the number of sales unit shares among the number of shares in the sale unit to be allotted. Only the number of shares as securities denominated in foreign currencies shall be increased.  Fractional shares less than one unit shall be sold and disposed of by the Japan Securities Clearing Association and paid as disposition value by the institution handling share administration (the trustee bank).



Category	Assets Denominated in Japanese Currency		Assets Denominated in Foreign Currencies		Remarks
7. Processing of Stock Splits (1) Stock Split Date:	No treatment		No treatment		Stock certificates shall be issued only for the number of shares in the sales unit among the number of shares to be allotted. Only the number of shares as securities denominated in foreign currencies shall be increased.
	Call Loans: ××× (or money trusts)	Other Revenue: ×××	Deposit: ××× Other Revenue: ×××	Other Revenue: ××× Deposit: ×××	
8. Processing of Paid-in Capital Increase (1) Ex-rights Date	No treatment		No treatment		Fractional shares less than one unit shall be paid for as payment for disposition.  Paid-in capital increase shall be disposed of by sale onsite by the Japan Securities Clearing Association and paid as disposition value by the institution handling share administration.
	Call Loans: ××× (or money trusts)	Gain on Transactions: ×××	Deposit: ××× Gain on Transactions: ×××	Gain on Transactions: ××× Deposit: ×××	
9. Processing of Free Capital Increase (1) Ex-rights Date (2) Deposit date of fractional disposal amount	No treatment		No treatment		Stock certificates shall be issued only for the number of shares in the sales unit among the number of shares to be allotted. Only the number of shares as securities denominated in foreign currencies shall be increased.
	Call Loans: ××× (or money trusts)	Other Revenue: ×××	Deposit: ××× Other Revenue: ×××	Other Revenue: ××× Deposit: ×××	
10. Processing After Revaluation on the Settlement Date  (1) In Case of a Valuation Gain:  (2) In Case of a Valuation Loss:	Foreign Investments a/c : ×××		Gain on Transactions: ×××		Fractional shares less than one unit shall be paid for as disposition value.
	Gain on Transactions: ×××		Stock certificates: ×××		
	Foreign Currency Funds: ×××		Gain on Transactions: ×××		
	Foreign Currency Funds: ×××		Foreign Currency Funds: ×××		
11. Accounting for Deposit Processing Subject to the Balance of Account Receivables.  (1) Payment of Dividends  (2) Receipt of Sales Payment	Loss on Transactions: ×××		Foreign Investments a/c : ×××		The amount deducted from the foreign investments account and foreign currency funds account shall be the book value for sale of securities denominated in foreign currencies plus or minus loss or gain on sale.
	Foreign Investments a/c : ×××		Loss on Transactions: ×××		
	Foreign Currency Funds: ×××		Stock certificates: ×××		
	Foreign Currency Funds: ×××		Loss on Transactions: ×××		
(1) Payment of Dividends	Call Loans: ××× (or money trusts)		Foreign Investment Accounts: ×××		Accrued Dividends Receivable: ××× Deposit: ×××
	Foreign Investment Accounts: ×××		Deposit: ×××		
(2) Receipt of Sales Payment	Call Loans: ××× (or money trusts)		Foreign Investment Accounts: ×××		Accounts Receivable: ××× Deposit: ×××
	Foreign Investment Accounts: ×××		Deposit: ×××		

## 10. Accounting of Foreign Public and Corporate Bonds

Processing of foreign public and corporate bonds shall be as follows:

- (1) Bond interest on foreign public and corporate bonds traded with interest shall not be recorded on a daily basis but shall be recorded in a lump sum as accrued on the ex-interest date.
- (2) Accounting for the purchase price of foreign public and corporate bonds payable in Japanese currency shall be the following journal entries:
  - (a) Accounting for assets denominated in Japanese currency

Purchase Payment Date	
Foreign Investment Accounts	Call Loans (or money trusts)

- (b) Accounting of assets denominated in foreign currencies

Purchase Payment Date	
Prepaid Expenses for Public and Corporate Bonds	Foreign Currency Funds

- (3) If any convertible corporate bonds denominated in foreign currencies issued by a Japanese enterprise are converted into shares and made into assets denominated in Japanese currency, the conversion shall be made as follows:
      - (a) Timing of accounting

In principle, processing shall be done on the date the management company gives the trustee company instructions for conversion into shares.
      - (b) Accounting of assets denominated in foreign currencies
        - (i) The book value of convertible corporate bonds for share conversion shall be transferred to the book value of stock certificates.

Any balance of prepaid expenses related to such conversion shall also be transferred to the book value of the stock certificates.
        - (ii) Any receivable amount of interest on the convertible corporate bonds recorded during the period up to the date of conversion into shares shall be cancelled on the date of conversion into shares.
      - (c) Transfer from assets denominated in foreign currencies to assets denominated in Japanese currency shall be processed in the same manner as revolving funds. The exchange rate used for conversion of Japanese currency shall be the middle price of customer rates on the processing date.

## 11. Accounting for Discounted Bills

Processing of discounted bills shall be as follows:

- (1) No entry shall be made for discounted bills. They shall be included in call loans and processed as a ( ) statement of items.
- (2) The acquisition value shall be recorded, and discount expenses shall be recorded on a daily basis as interest income and accrued interest income.
- (3) Any difference arising from resale or transfer before the settlement date shall be processed by increasing or decreasing interest income.

[Example] If a promissory note with a face value of 100 million yen is purchased at an annual rate of 8% in a period of 90 days and resold after 45 days, the market rate on the resale date shall be 7.75% per annum.

* 1. Call Loans	99,044,521	* 2. Call Loans (Discounted bills)	98,027,398
		* 3. Accrued Interest Income	986,265
		Interest Income	30,858

The acquisition price shall be withdrawn for the discounted bills.

The amount that the daily recorded amount is multiplied by the number of days elapsed is withdrawn for the accrued interest income.

Interest income shall be calculated by deducting the difference of \* 2 and \* 3 from \* 1.

If transfer occurs before the settlement date, the purchase funds shall use \* 1 above as the acquisition price of the discounted bills.

## 12. Accounting for Exercise of Stock Subscription Warrants of Corporate Bonds with Warrants

### (a) Timing of accounting

In principle, processing shall be done on the date on which the management company gives the trustee company instructions to exercise stock subscription warrants.

### (b) Accounting shall be classified into cash payment and substitute payment and shall be processed as follows:

[Journal Entry Example]

Classification	Journal Entry Example, Etc.												
(1) In case of cash payment	1) Book value of the corporate bonds $\geq$ Face value of the corporate bonds Example 1: Face value of the corporate bonds.....10,000,000 yen Book value of the corporate bonds.....10,500,000 yen Balance of existing accrued interest at the time of acquisition of the corporate bonds..... 200,000 yen Balance of accrued interest income up to the time of exercise of stock subscription warrants after the acquisition of the corporate bonds. .... 100,000 yen Exercise price of warrants.....300 yen Allowance rate of warrants.....100% Exercise rate of warrants.....100%												
	<table border="1"> <tr> <td>Stock Certificates</td> <td>10,499,900</td> <td>Corporate bonds.....</td> <td>500,000</td> </tr> <tr> <td></td> <td></td> <td>Call Loans:</td> <td>9,999,900</td> </tr> <tr> <td></td> <td></td> <td>(or money trusts)</td> <td></td> </tr> </table>	Stock Certificates	10,499,900	Corporate bonds.....	500,000			Call Loans:	9,999,900			(or money trusts)	
Stock Certificates	10,499,900	Corporate bonds.....	500,000										
		Call Loans:	9,999,900										
		(or money trusts)											

Classification	Journal Entry Example, Etc.					
(2) In case of substitute payment	<p>Note 1. Number of acquired shares (33,333)...The same shall apply hereinafter.</p> $= \frac{10,000,000 \text{ yen} \times 100\% \times 100\%}{300 \text{ yen}}$ <p>(Amounts less than one share rounded down)</p> <p>Note 2. Payment amount (9,999,900 yen) = 33,333 shares x 300 yen</p> <p>Note 3. Of the book value of corporate bonds, the amount to be transferred to the book value of stock certificates (500,000 yen) = 10,500,000 - 10,000,000</p> <p>Note 4. The balance of the existing accrued interest account at the time of acquisition of corporate bonds (200,000 yen) shall not be included in the acquisition value of stock certificates because the corporate bonds themselves will remain as straight bonds even after exercise of the rights.</p> <p>Note 5: The balance of accrued interest income account after the time of acquisition of the corporate bonds until exercise of stock subscription warrants (100,000 yen) shall not be cancelled because the corporate bonds themselves shall remain as straight bonds even after exercise of the rights.</p> <p>Note 6. Acquired stock certificates shall be processed as old shares (the same shall apply hereinafter).</p> <p>2) Book value of the corporate bonds &lt; Face value of the corporate bonds</p> <p>Book Value Example 1: Case of 9,500,000 yen</p> <table border="1" data-bbox="550 1366 1372 1467"> <tr> <td>Stock certificates: 9,999,900</td> <td>Call Loans: 9,999,900 (or money trusts)</td> </tr> </table>	Stock certificates: 9,999,900	Call Loans: 9,999,900 (or money trusts)			
	Stock certificates: 9,999,900	Call Loans: 9,999,900 (or money trusts)				
<p>1) <u>Book value of the corporate bonds ≥ Face value of the corporate bonds</u></p> <table border="1" data-bbox="550 1556 1372 1702"> <tr> <td>Stock certificates: 10,699,900</td> <td>Corporate bonds: 10,500,000</td> </tr> <tr> <td>Accounts Receivable: 100</td> <td>Prepaid expenses: 200,000</td> </tr> <tr> <td>Accrued Interest Income: -100,000</td> <td>Interest Income: -100,000</td> </tr> </table> <p>Note 1. Accounts receivable (amount to be delivered for rounding upon said exercise) = 10,000,000 yen - (33,333 shares x 300 yen) ...The same shall apply hereinafter.</p> <p>Note 2. The amount from Note 1 shall be deducted from the book value of the corporate bonds (10,500,000 yen) and the balance of accrued interest account at the time of acquisition of the corporate bonds</p>	Stock certificates: 10,699,900	Corporate bonds: 10,500,000	Accounts Receivable: 100	Prepaid expenses: 200,000	Accrued Interest Income: -100,000	Interest Income: -100,000
Stock certificates: 10,699,900	Corporate bonds: 10,500,000					
Accounts Receivable: 100	Prepaid expenses: 200,000					
Accrued Interest Income: -100,000	Interest Income: -100,000					

(200,000 yen), and the book value of the corporate bonds shall be transferred to the book value of the stock certificates.

Note 3. The balance of accrued interest income account (100,000 yen) from the time of the acquisition of corporate bonds until the time of exercise of stock subscription warrants shall be cancelled.

...The same shall apply hereinafter.

2) Book value of the corporate bonds < Face value of the corporate bonds

Book Value Example 1: Case of 9,500,000 yen

Stock certificates 10,199,900	Corporate bonds 9,500,000
Accounts Receivable: 100	Gain on Securities Transactions: 500,000
Accrued Interest Income:-100,000	Prepaid Expenses: 200,000 Interest Income: -100,000

Note 1. Gain on securities transactions (500,000 yen)  
= 10,000,000 yen - 9,500,000 yen

Note 2. The book value of stock certificates shall be the amount calculated by deducting accounts receivable (100 yen) from the face value of corporate bonds (10,000,000 yen) and adding the balance of already existing accrued interest at the time of acquisition of the corporate bonds (200,000 yen).

13. Accounting for Futures Trading

Journal entry, etc.

(Note) "Call Loans" in accounts journal entries shall mean deposits, money trusts, call loans, and customers' margin deposits.

Category	Calculations, etc.		Accounts Journal																	
Futures Transactions 1. Opening Transaction (1) Buy contract			<u>Contract Date</u>																	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Number of contracted units</td> <td style="width: 50%;">Quantity of new contracts</td> </tr> <tr> <td style="text-align: center;">Contract unit price</td> <td>Buy contract unit price</td> </tr> <tr> <td style="text-align: center;">Contract price</td> <td>Quantity of new contracts x buy contract unit price x set multiple</td> </tr> <tr> <td style="text-align: center;">Fees</td> <td>(Note) In case of one-way payment in advance, the fees are processed on the outstanding futures transactions a/c.</td> </tr> <tr> <td style="text-align: center;">Net price</td> <td>Contract price + fees</td> </tr> <tr> <td style="text-align: center;">Customers' margin deposits</td> <td>Cash portion + substitute securities portion</td> </tr> <tr> <td style="text-align: center;">Customers' margin deposits Substitute Securities</td> <td>Substitute securities portion</td> </tr> </table>		Number of contracted units	Quantity of new contracts	Contract unit price	Buy contract unit price	Contract price	Quantity of new contracts x buy contract unit price x set multiple	Fees	(Note) In case of one-way payment in advance, the fees are processed on the outstanding futures transactions a/c.	Net price	Contract price + fees	Customers' margin deposits	Cash portion + substitute securities portion	Customers' margin deposits Substitute Securities	Substitute securities portion	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Futures Purchases (Net Price)</td> <td style="width: 50%; text-align: center;">Accounts Payable for Futures Transactions (Net Price)</td> </tr> </table>		Futures Purchases (Net Price)	Accounts Payable for Futures Transactions (Net Price)
	Number of contracted units	Quantity of new contracts																		
	Contract unit price	Buy contract unit price																		
	Contract price	Quantity of new contracts x buy contract unit price x set multiple																		
	Fees	(Note) In case of one-way payment in advance, the fees are processed on the outstanding futures transactions a/c.																		
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	Customers' margin deposits	Cash portion + substitute securities portion																		
	Customers' margin deposits Substitute Securities	Substitute securities portion																		
	Futures Purchases (Net Price)	Accounts Payable for Futures Transactions (Net Price)																		
		(Note) Fees <u>On the Contract Date in Case of Advance Payment</u>																		
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Customers' margin deposits	Cash portion + substitute securities portion																			
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Futures Purchases (Net Price)	Accounts Payable for Futures Transactions (Net price - Fees) Call Loans or Outstanding Amounts (Fees)																			
		<u>Deposit Date</u>																		
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Contract unit price	Sell contract unit price																			
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Customers' Margin Deposits (Cash + Substitutions)	Call Loans, etc. (Cash) Customers' Margin Deposits Substitute Securities (Substitutes)																			
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Fees	In the case of one-way payment in advance, the fees are recorded on the outstanding futures transactions a/c.																			
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Net price	Contract price - fees																			
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Accounts Receivable for Futures Transactions (Net price + Fees)	Futures Sale (Net Price) Call Loans, etc. Or Accounts Payable (Fees)																			
(2) Sell contract																				

Category	Calculations, etc.	Accounts Journal		
2. Closing Transactions (1) Reversing trade (i) Resale	<table border="1"> <tr> <td>Number of contracted units</td> <td>Resale quantity</td> </tr> </table>	Number of contracted units	Resale quantity	
	Number of contracted units	Resale quantity		
	<table border="1"> <tr> <td>Contract unit price</td> <td>Resale unit price</td> </tr> </table>	Contract unit price	Resale unit price	
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	<table border="1"> <tr> <td>Contract price</td> <td>Resale quantity x resale unit price x set multiple</td> </tr> </table>	Contract price	Resale quantity x resale unit price x set multiple	
	Contract price	Resale quantity x resale unit price x set multiple		
	<table border="1"> <tr> <td>Fees (outgoing)</td> <td>           (1) Whole Resale            Full amount of the balance of the total fees of buy contracts, etc.            (2) Partial Resale (a)  <math display="block">\text{Balance of buy contract fees} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}</math>           (In principle, the total amount of fees, consumption tax, and amounts equivalent to exchange tax shall be calculated separately.)         </td> </tr> </table>	Fees (outgoing)	(1) Whole Resale Full amount of the balance of the total fees of buy contracts, etc. (2) Partial Resale (a) $\text{Balance of buy contract fees} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}$ (In principle, the total amount of fees, consumption tax, and amounts equivalent to exchange tax shall be calculated separately.)	
	Fees (outgoing)	(1) Whole Resale Full amount of the balance of the total fees of buy contracts, etc. (2) Partial Resale (a) $\text{Balance of buy contract fees} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}$ (In principle, the total amount of fees, consumption tax, and amounts equivalent to exchange tax shall be calculated separately.)		
<table border="1"> <tr> <td>Fees (incoming)</td> <td></td> </tr> </table>	Fees (incoming)			
Fees (incoming)				
<table border="1"> <tr> <td>Right modification unit price</td> <td>Amount equivalent to rights announced by the Exchange (The same shall apply hereinafter.)</td> </tr> </table>	Right modification unit price	Amount equivalent to rights announced by the Exchange (The same shall apply hereinafter.)		
Right modification unit price	Amount equivalent to rights announced by the Exchange (The same shall apply hereinafter.)			
<table border="1"> <tr> <td>Settlement amount</td> <td>           (1) In case of incoming and outgoing collection of fees, etc. at the time of resale  <math display="block">\text{Resale quantity} \times \{ \text{resale unit price} - (\text{buy contract unit price} - \text{right modification unit price}) \} \times \text{set multiple} - \text{fees (outgoing and incoming)}</math> <math display="block">\text{Difference} \geq 0 \text{ Settlement amount receivable}</math> <math display="block">\text{Difference} &lt; 0 \text{ Settlement amount payable}</math>           (2) Incoming fee collection only at the time of resale            ...If the outgoing portion shall be paid when the contract is made  <math display="block">\text{Resale quantity} \times \{ \text{resale unit price} - (\text{buy contract unit price} - \text{right modification unit price}) \} \times \text{set multiple} - \text{fees (incoming)}</math> <math display="block">\text{Difference} \geq 0 \text{ Settlement amount receivable}</math> <math display="block">\text{Difference} &lt; 0 \text{ Settlement amount payable}</math> </td> </tr> </table>	Settlement amount	(1) In case of incoming and outgoing collection of fees, etc. at the time of resale $\text{Resale quantity} \times \{ \text{resale unit price} - (\text{buy contract unit price} - \text{right modification unit price}) \} \times \text{set multiple} - \text{fees (outgoing and incoming)}$ $\text{Difference} \geq 0 \text{ Settlement amount receivable}$ $\text{Difference} < 0 \text{ Settlement amount payable}$ (2) Incoming fee collection only at the time of resale ...If the outgoing portion shall be paid when the contract is made $\text{Resale quantity} \times \{ \text{resale unit price} - (\text{buy contract unit price} - \text{right modification unit price}) \} \times \text{set multiple} - \text{fees (incoming)}$ $\text{Difference} \geq 0 \text{ Settlement amount receivable}$ $\text{Difference} < 0 \text{ Settlement amount payable}$		
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<table border="1"> <tr> <td>Deduction of accounts payable for futures transactions A</td> <td>           (1) Whole Resell            Outstanding balance of futures transactions            (2) Partial Resale  <math display="block">\text{Balance of buy contract price} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}} + \text{fees (outgoing)}</math>           {Individually calculated in (a)}         </td> </tr> </table>	Deduction of accounts payable for futures transactions A	(1) Whole Resell Outstanding balance of futures transactions (2) Partial Resale $\text{Balance of buy contract price} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}} + \text{fees (outgoing)}$ {Individually calculated in (a)}		
Deduction of accounts payable for futures transactions A	(1) Whole Resell Outstanding balance of futures transactions (2) Partial Resale $\text{Balance of buy contract price} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}} + \text{fees (outgoing)}$ {Individually calculated in (a)}			
<table border="1"> <tr> <td>Deduction of futures purchases B</td> <td>           (1) If before revaluation, the amount equivalent to the amount deducted from the outstanding amount of futures transactions above            (2) Partial Resale after Revaluation  <math display="block">\text{Balance of futures purchases} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}</math> </td> </tr> </table>	Deduction of futures purchases B	(1) If before revaluation, the amount equivalent to the amount deducted from the outstanding amount of futures transactions above (2) Partial Resale after Revaluation $\text{Balance of futures purchases} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}$		
Deduction of futures purchases B	(1) If before revaluation, the amount equivalent to the amount deducted from the outstanding amount of futures transactions above (2) Partial Resale after Revaluation $\text{Balance of futures purchases} \times \frac{\text{Resale quantity}}{\text{Remaining quantity of contracts}}$			

Category	Calculations, etc.		Accounts Journal	
	Loss or gain on closing of accounts	Accounts payable for futures transactions - futures purchases ± settlement amount receivable and payable - advance payment fees (A) (B)	Contract Date	
	Customers' margin deposits	Abovementioned	Accounts Payable for Futures Transactions (A) Accounts Receivable (Settlement Amount Receivable) Losses on Futures Transactions, etc. (Loss on Settlement)	Futures Purchases (B) Accounts Payable (Settlement Amount Payable) Gains on Futures Transactions, etc. (Gains on Settlement)
			Delivery Date	
			Call Loans, etc. (Settlement Amount Receivable) Accounts Payable (Settlement Amount Payable)	Accounts Receivable (Settlement Amount Receivable) Call Loans, etc. (Settlement Amount Payable)
				Withdrawal Date
				Call Loans, etc.  Customers' Margin Deposits Substitute Securities



Category	Calculations, etc.	Accounts Journal			
(ii) Repurchase		Contract Date			
	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Number of contracted units</td> <td>Repurchase quantity</td> </tr> </table>	Number of contracted units	Repurchase quantity	Futures Sale (D)	Accounts Receivable for Futures Transactions (C)
	Number of contracted units	Repurchase quantity			
	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Contract unit price</td> <td>Repurchase unit price</td> </tr> </table>	Contract unit price	Repurchase unit price		
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	Customers' Margin Deposits Substitute Securities				

Category	Calculations, etc.		Accounts Journal
	Loss or gain on closing of accounts	Futures sales - accounts receivable for futures transactions ± settlement amount receivable and payable - advance payment fees (D)                    (C)	
	Customers' Margin Deposits	Abovementioned	

Category	Calculations, etc.	Accounts Journal										
(2) Delivery settlement (i) Contract for difference (A) Buy contract settlement	<table border="1"> <tr> <td>Number of contracted units</td> <td>Settlement quantity</td> </tr> </table>	Number of contracted units	Settlement quantity	<table border="1"> <tr> <th colspan="2">Settlement Date</th> </tr> <tr> <td>Accounts Payable for Futures Transactions (E)</td> <td>Futures Purchases (F)</td> </tr> <tr> <td>Accounts Receivable (Settlement Amount Receivable)</td> <td>Accounts Payable (Settlement Amount Payable)</td> </tr> <tr> <td>Losses on Futures Transactions, etc. (Loss on Settlement)</td> <td>Gains on Futures Transactions, etc. (Gains on Settlement)</td> </tr> </table>	Settlement Date		Accounts Payable for Futures Transactions (E)	Futures Purchases (F)	Accounts Receivable (Settlement Amount Receivable)	Accounts Payable (Settlement Amount Payable)	Losses on Futures Transactions, etc. (Loss on Settlement)	Gains on Futures Transactions, etc. (Gains on Settlement)
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Fees (outgoing)	Fees (outgoing)											
Call Loans, etc.	Customers' Margin Deposits											
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Deduction of futures purchases F	Full amount of the outstanding balance for futures purchases											
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<table border="1"> <tr> <td>Settlement loss or gain</td> <td>Accounts payable for futures transactions - futures purchases <math>\pm</math> settlement amount receivable and payable - advance payment fees (E) (F)</td> </tr> </table>	Settlement loss or gain	Accounts payable for futures transactions - futures purchases $\pm$ settlement amount receivable and payable - advance payment fees (E) (F)	<table border="1"> <tr> <td>Customers' Margin Deposits</td> <td>Substitute Securities</td> </tr> </table>	Customers' Margin Deposits	Substitute Securities							
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Customers' Margin Deposits	Substitute Securities											

Category	Calculations, etc.		Accounts Journal	
(B) Sell contract settlement	Number of contracted units	Settlement quantity	Settlement Date	
	Contract unit price	Settlement unit price	Futures Sale (H)	Accounts Receivable for Futures Transactions (F)
	Contract price	Settlement quantity x settlement unit price x set multiple	Accounts Receivable (Settlement Amount Receivable)	Accounts Payable (Settlement Amount Payable)
	Fees (outgoing)		Losses on Futures Transactions, etc. (Loss on Settlement)	Gains on Futures Transactions, etc. (Gains on Settlement)
	Fees (incoming)		Delivery Date	
	Right modification unit price		Call Loans, etc. (Settlement Amount Receivable)	Accounts Receivable (Settlement Amount Receivable)
	Settlement amount	(1) In case of incoming and outgoing collection of fees at the time of settlement Settlement quantity x {(sell contract unit price - right modification unit price - settlement unit price) x set multiple - fees (outgoing)} Difference $\geq$ 0 Settlement amount receivable Difference $<$ 0 Settlement amount payable  (2) If fees are collected only at the incoming time of settlement Settlement quantity x {(sell contract unit price - right modification unit price) - settlement unit price} x set multiple Difference $\geq$ 0 Settlement amount receivable Difference $<$ 0 Settlement amount payable	Accounts Payable (Settlement Amount Payable)	Call Loans, etc. (Settlement Amount Payable)
	Withdrawal of accounts receivable for futures transactions	Full balance of accounts receivable for futures transactions	Withdrawal Date	
	Deduction of futures sales H	Full balance of futures sales	Call Loans, etc.	Customers' Margin Deposits
Settlement loss or gain	Futures sales - accounts receivable for futures transactions $\pm$ settlement amount receivable and payable - advance payment fees (H) (G)	Customers' Margin Deposits Substitute Securities		
Customers' margin deposits	Abovementioned			

Category	Calculations, etc.	Accounts Journal																		
(2) Settlement in kind (A) Actual receipt (a) Standardized government bonds (b) Stock futures 50	6. See Special Provision (1) for standardized government bonds transactions.	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Next Business Day After the Last Trading Day</td> </tr> <tr> <td style="width: 50%; vertical-align: top; border-right: 1px solid black;">           Stock certificates            (Settlement Amount)         </td> <td style="width: 50%; vertical-align: top;">           Accounts Payable            (Settlement Amount)         </td> </tr> <tr> <td style="vertical-align: top; border-right: 1px solid black;">           Accounts Payable for            Futures Transactions            (E)         </td> <td style="vertical-align: top;">           Futures Purchases            (F)         </td> </tr> <tr> <td style="vertical-align: top; border-right: 1px solid black;">           Losses on Futures            Transactions, etc.            (Difference &lt; 0)         </td> <td style="vertical-align: top;">           Gains on Futures            Transactions, etc.            (Difference ≥ 0)         </td> </tr> <tr> <td colspan="2" style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Delivery Date</td> </tr> <tr> <td style="vertical-align: top; border-right: 1px solid black;">           Accounts Payable             (Settlement Amount)         </td> <td style="vertical-align: top;">           Call Loans            (or money trusts)            (Settlement Amount)         </td> </tr> <tr> <td colspan="2" style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Delivery Date</td> </tr> <tr> <td style="vertical-align: top; border-right: 1px solid black;">           Call Loans            (or money trusts)         </td> <td style="vertical-align: top;">           Customers' Margin            Deposits         </td> </tr> <tr> <td style="vertical-align: top; border-right: 1px solid black;">           Customers' Margin            Deposits            Substitute Securities         </td> <td></td> </tr> </table>	Next Business Day After the Last Trading Day		Stock certificates (Settlement Amount)	Accounts Payable (Settlement Amount)	Accounts Payable for Futures Transactions (E)	Futures Purchases (F)	Losses on Futures Transactions, etc. (Difference < 0)	Gains on Futures Transactions, etc. (Difference ≥ 0)	Delivery Date		Accounts Payable  (Settlement Amount)	Call Loans (or money trusts) (Settlement Amount)	Delivery Date		Call Loans (or money trusts)	Customers' Margin Deposits	Customers' Margin Deposits Substitute Securities	
	Next Business Day After the Last Trading Day																			
	Stock certificates (Settlement Amount)		Accounts Payable (Settlement Amount)																	
	Accounts Payable for Futures Transactions (E)		Futures Purchases (F)																	
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	Delivery Date																			
	Accounts Payable  (Settlement Amount)		Call Loans (or money trusts) (Settlement Amount)																	
	Delivery Date																			
	Call Loans (or money trusts)		Customers' Margin Deposits																	
	Customers' Margin Deposits Substitute Securities																			
	Number of contracted units		Spot transaction quantity (last quantity of buy contracts)																	
	Contract unit price		Buy contract unit price - right modification unit price																	
	Contract price		Spot transaction quantity x (buy contract unit price - right modification unit price) x 50,000																	
Futures fees (outgoing)	Futures fees (outgoing) balance (futures fees [outgoing] when the buy contract is made - futures fees [outgoing] at the time of sellback)																			
Exchange tax equivalent (outgoing)	Exchange tax equivalent (outgoing) balance (exchange tax equivalent [outgoing] when the buy contract is made - exchange tax equivalent (outgoing) at the time of sellback)																			
Net price (Amount to be prorated for the contract price)	Contract price + futures fees (outgoing) + Exchange tax equivalent (outgoing)																			
Actual receipt fees	Same as spot fees, described below																			
Settlement amount (Total customer payment)	Contract price + futures fees (outgoing) + Exchange tax equivalent (outgoing) + spot transaction fees																			
Withdrawal of accounts payable for futures transactions (E)	Outstanding balance of futures transactions																			
Deduction of futures purchases (F)	Balance of futures purchases																			
(E) - (F)	Difference ≥ 0 Gains on futures transactions Difference < 0 Losses on futures transactions																			

Category	Calculations, etc.		Accounts Journal								
(c) Japanese yen currency futures (Tokyo Financial futures)	Deposits for each individual	Issue (Pro-rata amount)	Used to prorate the net price to the net price for each individual issue. The share price shall be the closing price on the spot market on the last trading day. Net price of A1 issue $= \text{Net price} \times \frac{\text{Closing price of A1 issue} \times \text{number of 1 trading unit shares}}{\text{A50n issue closing price} \times \text{1 number of trading unit shares}} = 1 \text{ (rounded down to the nearest yen)}$ (Note) The difference between the net price and the total amount of the pro rata allotment shall be allocated in the order of the smallest security code by 1 yen each.	 [Next Business Day After the Last Trading Day]  <u>Daily Trial Balance Sheet for Foreign Currency</u> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> Accounts Payable for  Futures Transactions  (Losses on Futures  Transactions) </td> <td style="width: 50%; padding: 5px;"> Futures Purchases  (Gains on Futures  Transactions) </td> </tr> </table> <u>Daily Trial Balance Sheet for Japanese Currency</u> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;"> Foreign Exchange  Accounts Receivable </td> <td style="width: 50%; padding: 5px;"> Selling Exchange </td> </tr> <tr> <td style="border-right: 1px solid black; padding: 5px;"> Accounts Payable for  Futures Transactions </td> <td style="padding: 5px;"> Accounts Payable    (A) </td> </tr> </table> <div style="border: 1px solid black; padding: 5px; display: inline-block;"> Losses on Futures  Transactions, etc. </div> → Commission in yen and consumption tax [6. See Special Provision (2)]		Accounts Payable for Futures Transactions (Losses on Futures Transactions)	Futures Purchases (Gains on Futures Transactions)	Foreign Exchange Accounts Receivable	Selling Exchange	Accounts Payable for Futures Transactions	Accounts Payable  (A)
		Accounts Payable for Futures Transactions (Losses on Futures Transactions)	Futures Purchases (Gains on Futures Transactions)								
		Foreign Exchange Accounts Receivable	Selling Exchange								
		Accounts Payable for Futures Transactions	Accounts Payable  (A)								
		Actual receipt fees	Net price of A1 issue x set actual receipt fees rate (rounded down to the nearest yen) (Same as the actual receipt fees)								
		Settlement amount	Net price of A1 issue + actual receipt fees for A1 issue								
Number of acquired shares	Actual receipt quantity x 1 trading unit number of shares										
Contract unit price	Net price of A1 issue ------(Rounded down to the nearest yen) Number of acquired shares for A1 issue										

Category	Calculations, etc.	Accounts Journal
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			<p>[Delivery date]</p> <p><u>Daily Trial Balance Sheet for Foreign Currency</u></p> <table border="1"> <tr> <td>Foreign Currency Funds</td> <td>Deposit</td> </tr> <tr> <td>(Profit Account)</td> <td>(Loss Account)</td> </tr> </table> <p>Daily Trial Balance Sheet for Japanese Currency</p> <table border="1"> <tr> <td>Selling exchange</td> <td>Foreign Exchange Accounts Receivable</td> </tr> <tr> <td>Call Loans, etc. (Loss Categories)</td> <td>(Gain Categories)</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td>Accounts Payable (A)</td> <td>Call Loans, etc.</td> </tr> </table> <p>→ Same as remittances of foreign currency</p>	Foreign Currency Funds	Deposit	(Profit Account)	(Loss Account)	Selling exchange	Foreign Exchange Accounts Receivable	Call Loans, etc. (Loss Categories)	(Gain Categories)	-----	-----	Accounts Payable (A)	Call Loans, etc.
Foreign Currency Funds	Deposit														
(Profit Account)	(Loss Account)														
Selling exchange	Foreign Exchange Accounts Receivable														
Call Loans, etc. (Loss Categories)	(Gain Categories)														
-----	-----														
Accounts Payable (A)	Call Loans, etc.														

Category	Calculations, etc.	Accounts Journal			
(B) Current offering (a) Standardized government bonds (b) Stock futures 50	6. See Special Provision (1) for standardized government bonds transactions.	<u>Next Business Day After the Last Trading Day</u>			
		Number of contracted units	Actual delivery quantity (last quantity of buy contracts)	Accounts Receivable (Settlement Amount)	Stock certificates (Book value in kind)
		Contract unit price	Sell contract unit price - right modification unit price	Loss on Securities Transactions	Gain on Securities Transactions
		Contract price	Actual delivery quantity x (sell contract unit price - right modification unit price) x 50,000	Futures Sale (H)	Accounts Receivable for Futures Transactions (G)
		Futures fees (outgoing)	Balance of futures fees (outgoing) (Futures fees [outgoing] when the sell contract is made - futures fees [outgoing] at the time of buyback)	Losses on Futures Transactions, etc. (Difference < 0)	Gains on Futures Transactions, etc. (Difference ≥ 0)
		Net price (Amount to be prorated for the contract price)	Contract price + futures fees (outgoing) + Exchange tax equivalent (outgoing)		
		Actual delivery fees	Same as spot fees, described below		
		Securities transaction tax	In-kind securities transaction tax, as described below		
		Settlement amount (Total customer payment)	Contract price - futures fees (outgoing) - exchange tax equivalent (outgoing) - actual delivery fees - securities transaction tax		
		Withdrawal from accounts receivable for futures transactions (G)	Balance of accounts receivable for futures transactions	<u>Delivery Date</u> Call Loans (or money trusts)  (Settlement Amount)	Customers' Margin Deposits  (Settlement Amount)
		Deduction of futures sales (H)	Balance of futures purchases		
		(H) - (G)	Difference ≥ 0 Gains on futures transactions Difference < 0 Losses on futures transactions		
				<u>Delivery Date</u> Call Loans (or money trusts)  Customers' Margin Deposits Substitute Securities	Customers' Margin Deposits



Category	Calculations, etc.	Accounts Journal																
(a) Japanese yen currency futures (Tokyo Financial futures)	<div style="border: 1px solid black; height: 600px; width: 100%;"></div>	<p>[Next Business Day After the Last Trading Day]</p> <p><u>Daily Trial Balance Sheet for Foreign Currency</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Futures Sale (Losses on Futures Transactions)</td> <td style="width: 50%; text-align: center;">Accounts Receivable for Futures Transactions (Gains on Futures Transactions)</td> </tr> </table> <p><u>Daily Trial Balance Sheet for Japanese Currency</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Foreign Exchange Purchases</td> <td style="width: 50%; text-align: center;">Foreign Exchange Accounts Payable</td> </tr> <tr> <td style="text-align: center;">-----</td> <td style="text-align: center;">-----</td> </tr> <tr> <td style="text-align: center;">Accounts Payable for Futures Transactions Losses on Futures Transactions, etc.</td> <td style="text-align: center;">Accounts Payable (A)</td> </tr> </table> <p>→ Commission paid in yen and consumption tax [6. See Special Provision (2)]</p> <p>[Delivery date]</p> <p><u>Daily Trial Balance Sheet for Foreign Currency</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Deposit</td> <td style="width: 50%; text-align: center;">Foreign Currency Funds</td> </tr> </table> <p><u>Daily Trial Balance Sheet for Japanese Currency</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Foreign Exchange Accounts Payable Foreign Investment Accounts</td> <td style="width: 50%; text-align: center;">Foreign Exchange Purchases Call Loans, etc.</td> </tr> <tr> <td style="text-align: center;">-----</td> <td style="text-align: center;">-----</td> </tr> <tr> <td style="text-align: center;">Accounts Payable (A)</td> <td style="text-align: center;">Call Loans, etc.</td> </tr> </table> <p>→ Same as foreign currency processing</p>	Futures Sale (Losses on Futures Transactions)	Accounts Receivable for Futures Transactions (Gains on Futures Transactions)	Foreign Exchange Purchases	Foreign Exchange Accounts Payable	-----	-----	Accounts Payable for Futures Transactions Losses on Futures Transactions, etc.	Accounts Payable (A)	Deposit	Foreign Currency Funds	Foreign Exchange Accounts Payable Foreign Investment Accounts	Foreign Exchange Purchases Call Loans, etc.	-----	-----	Accounts Payable (A)	Call Loans, etc.
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Category	Calculations, etc.		Accounts Journal	
3. Modification of Rights	Buy contracts	Right modification price = Remaining buy contract quantity x right modification unit price x set multiple	[Buy Contracts] Right modification date	
	Sell contract	Right modification price = Remaining buy contract quantity x right amendment unit price x set multiple	Accounts Payable for Futures Transactions (Right Modification Fee)	Futures Purchases (Right Modification Fee)
4. Valuation	Buy contracts	(Remaining buy contract quantity x evaluated unit price x set multiple) - buy contract net price (Market value) (Book value) Difference $\geq 0$ Valuation gain Difference $< 0$ Valuation Loss	[Sell Contracts] Right modification date Futures Sale (Right Modification Fee)   Accounts Receivable for Futures Transactions (Right Modification Fee)	
	Sell contract	(Remaining buy contract quantity x evaluated unit price x set multiple) - sell contract net price Difference $> 0$ Valuation Loss Difference $< 0$ Valuation Gain In the case of open type investment trusts, revaluation shall be made to the market value on the fund settlement date.	Every day Valuation Gain or Loss on Futures Transactions, etc. Valuation Loss (-) or Gain	
5. Revaluation	Buy contracts	Valuation gains shall be recorded as futures transaction, etc. gains, and valuation losses shall be recorded as futures transaction, etc. losses.	[Buy Contracts] Fund Settlement Date	
	Sell contract	Same as above	Futures Purchases (Valuation Margin) Losses on Futures Transactions, etc. (Valuation Loss)	Gains on Futures Transactions, etc. (Valuation Loss) Futures Purchases (Valuation Loss)
	Acceptance of calculated gains	If calculated gains can be withdrawn, they shall be processed by collecting customers' margin deposits.	[Sell Contracts] Fund Settlement Date Futures Sale (Valuation Margin) Losses on Futures Transactions, etc. (Valuation Loss)   Gains on Futures Transactions, etc. (Valuation Loss) Futures Sale (Valuation Loss)	
6. Calculated Profit Withdrawals			Delivery Date Call Loans, etc.   Customers' Margin Deposits	

7. Special Provisions

(1) Standardized Government Bonds Transactions

Journal Entry Example		Remarks																																																								
<p>Accounts Journal for Futures Purchase Contracts</p> <p>◇ On December 17, Fund A (open type) purchased 1 billion yen face value of futures for the March contract month. (Contract Price = @ 97.50)</p> <p style="text-align: center;">12/17 Contract Date</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Futures Purchases a/c</td> <td style="width: 50%;">Accounts Payable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">975,300,000 yen</td> <td style="text-align: right;">975,300,000 yen</td> </tr> <tr> <td colspan="2">* Commission, etc.: 300,000 yen</td> </tr> </table> </td> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Customers' Margin Deposit a/c</td> <td style="width: 50%;">Money Trust a/c (or call loans)</td> </tr> <tr> <td style="text-align: right;">30,000,000 yen</td> <td style="text-align: right;">10,000,000 yen</td> </tr> <tr> <td colspan="2">Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> </tr> </table> </td> </tr> </table> <p>◇ On February 10, Accounts settled due to the settlement of the fund above Revalue * (1).</p> <p style="text-align: center;">Final price for the contract month of March @ 97.20</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Loss on Futures Transaction a/c</td> <td style="width: 50%;">Futures Purchases a/c</td> </tr> <tr> <td style="text-align: right;">3,300,000 yen</td> <td style="text-align: right;">3,300,000 yen</td> </tr> </table> </td> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Accounts Payable for Futures Transactions a/c</td> <td style="width: 50%;">Futures Purchases a/c</td> </tr> <tr> <td style="text-align: right;">975,300,000 yen</td> <td style="text-align: right;">972,000,000 yen</td> </tr> <tr> <td colspan="2">* (2) Accounts Receivable a/c</td> </tr> <tr> <td style="text-align: right;">12,400</td> <td style="text-align: right;">15,700</td> </tr> </table> </td> </tr> </table> <p>◇ On March 4, Fund A settled the above futures transaction through reversing trade. (Contract Price = @ 98.80) However, this fund has been revaluated due to its February 10 closing date. (Loss on sale: 3,300,000 yen)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Futures Purchases a/c</td> <td style="width: 50%;">Accounts Payable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">975,300,000 yen</td> <td style="text-align: right;">975,300,000 yen</td> </tr> <tr> <td colspan="2">* Commission, etc.: 300,000 yen</td> </tr> </table>	Futures Purchases a/c	Accounts Payable for Futures Transactions a/c	975,300,000 yen	975,300,000 yen	* Commission, etc.: 300,000 yen		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Customers' Margin Deposit a/c</td> <td style="width: 50%;">Money Trust a/c (or call loans)</td> </tr> <tr> <td style="text-align: right;">30,000,000 yen</td> <td style="text-align: right;">10,000,000 yen</td> </tr> <tr> <td colspan="2">Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> </tr> </table>	Customers' Margin Deposit a/c	Money Trust a/c (or call loans)	30,000,000 yen	10,000,000 yen	Securities Received as Customers' Deposits for Customers' Margin a/c 20,000		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Loss on Futures Transaction a/c</td> <td style="width: 50%;">Futures Purchases a/c</td> </tr> <tr> <td style="text-align: right;">3,300,000 yen</td> <td style="text-align: right;">3,300,000 yen</td> </tr> </table>	Loss on Futures Transaction a/c	Futures Purchases a/c	3,300,000 yen	3,300,000 yen	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Accounts Payable for Futures Transactions a/c</td> <td style="width: 50%;">Futures Purchases a/c</td> </tr> <tr> <td style="text-align: right;">975,300,000 yen</td> <td style="text-align: right;">972,000,000 yen</td> </tr> <tr> <td colspan="2">* (2) Accounts Receivable a/c</td> </tr> <tr> <td style="text-align: right;">12,400</td> <td style="text-align: right;">15,700</td> </tr> </table>	Accounts Payable for Futures Transactions a/c	Futures Purchases a/c	975,300,000 yen	972,000,000 yen	* (2) Accounts Receivable a/c		12,400	15,700	<p>Accounts Journal for Futures Sales Contracts</p> <p>◇ On October 21, Fund B (unit type) sold 1 billion yen face value of futures for the December contract month. (Contract Price = @ 98.00)</p> <p style="text-align: center;">10/21 Contract Date</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> <td style="width: 50%;">Futures Sales a/c</td> </tr> <tr> <td style="text-align: right;">979,700,000 yen</td> <td style="text-align: right;">979,700,000 yen</td> </tr> <tr> <td colspan="2">* Commission, etc.: 300,000 yen</td> </tr> </table> </td> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Customers' Margin Deposit a/c</td> <td style="width: 50%;">Money Trust a/c (or call loans)</td> </tr> <tr> <td style="text-align: right;">30,000,000 yen</td> <td style="text-align: right;">10,000,000 yen</td> </tr> <tr> <td colspan="2">Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> </tr> </table> </td> </tr> </table> <p>(The unit type does not undergo revaluation for closing)</p> <p>◇ On December 2, Fund B settled the above futures transaction through reversing trade. (Contract Price = @ 99.44)</p> <p style="text-align: center;">12/2 Contract Date</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Futures Sales a/c</td> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">979,700,000 yen</td> <td style="text-align: right;">979,700,000 yen</td> </tr> <tr> <td colspan="2">* (3) Accounts Payable a/c</td> </tr> <tr> <td style="text-align: right;">15,000</td> <td style="text-align: right;">15,000</td> </tr> </table> </td> <td style="width: 50%; vertical-align: top;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Loss on Futures Transaction a/c</td> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">15,000</td> <td style="text-align: right;">979,700,000 yen</td> </tr> </table> </td> </tr> </table>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> <td style="width: 50%;">Futures Sales a/c</td> </tr> <tr> <td style="text-align: right;">979,700,000 yen</td> <td style="text-align: right;">979,700,000 yen</td> </tr> <tr> <td colspan="2">* Commission, etc.: 300,000 yen</td> </tr> </table>	Accounts Receivable for Futures Transactions a/c	Futures Sales a/c	979,700,000 yen	979,700,000 yen	* Commission, etc.: 300,000 yen		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Customers' Margin Deposit a/c</td> <td style="width: 50%;">Money Trust a/c (or call loans)</td> </tr> <tr> <td style="text-align: right;">30,000,000 yen</td> <td style="text-align: right;">10,000,000 yen</td> </tr> <tr> <td colspan="2">Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> </tr> </table>	Customers' Margin Deposit a/c	Money Trust a/c (or call loans)	30,000,000 yen	10,000,000 yen	Securities Received as Customers' Deposits for Customers' Margin a/c 20,000		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Futures Sales a/c</td> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">979,700,000 yen</td> <td style="text-align: right;">979,700,000 yen</td> </tr> <tr> <td colspan="2">* (3) Accounts Payable a/c</td> </tr> <tr> <td style="text-align: right;">15,000</td> <td style="text-align: right;">15,000</td> </tr> </table>	Futures Sales a/c	Accounts Receivable for Futures Transactions a/c	979,700,000 yen	979,700,000 yen	* (3) Accounts Payable a/c		15,000	15,000	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Loss on Futures Transaction a/c</td> <td style="width: 50%;">Accounts Receivable for Futures Transactions a/c</td> </tr> <tr> <td style="text-align: right;">15,000</td> <td style="text-align: right;">979,700,000 yen</td> </tr> </table>	Loss on Futures Transaction a/c	Accounts Receivable for Futures Transactions a/c	15,000	979,700,000 yen	<p>* (1) Revaluation for closing is made for the open type only.</p> <p>* (2) Accounts receivable (settlement amount) 12,400,000 yen = 1 billion yen x (98.80 - 97.50) x 1/100 - 600,000 yen (Face Value) (Settlement Contract Price) (Purchase Contract Price) (Commission, etc.)</p> <p>* (3) Accounts payable (clearing price) 15,000,000 yen = 1 billion yen x (98.00 - 99.44) x 1/100 - 600,000 yen (Face Value) (Sales Contract Price) (Settlement Contract Price) (Commission, etc.)</p>
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Journal Entry Example

Remarks

3/7 Delivery Date (4 Business Days)

Money Trust a/c (or call loans)	Accounts Receivable a/c
12,400,000 yen	12,400,000 yen

Money Trust a/c (or call loans)	Customers' Margin Deposits
10,000,000 yen	30,000,000 yen
Securities Received as Customers' Deposits for Customers' Margin a/c	
20,000	

◇ In the event that the futures transaction above is settled through delivery (actual receipt of stock purchased)

- Final clearing price @97.60
- CF of deliverable bonds 1.025

3/10 (the next business day after the last day of a futures transaction)

Accounts Payable for Futures Transactions a/c	Futures Purchases a/c
975,300,000 yen	972,000,000 yen
Accounts Receivable a/c	* (4) Gain on Futures Transaction a/c
400	3,700

3/17 Actual receipt of stock purchased confirmation date (4 business days before delivery date)

* (6) Government Bonds a/c	Accounts Payable a/c
1,000,400	1,000,400,000 yen

12/5 Delivery Date (4 Business Days)

Accounts Payable a/c	Money Trust a/c (or call loans)
5,000,000 yen	5,000,000 yen

Money Trust a/c (or call loans)	Customers' Margin Deposit a/c
10,000,000 yen	30,000,000 yen
Securities Received as Customers' Deposits for Customers' Margin a/c	
20,000	

◇ In the event that the futures transaction above is settled through delivery (actual delivery of stock sold)

- Final clearing price @98.80
- CF of deliverable bonds 1.035
- Book value of actual delivery of stock sold: 995,000 yen (@ 99.50)

12/10 (the next business day after the last day of a futures transaction)

Futures Purchases a/c	Accounts Receivable for Futures Transactions a/c
979,700,000 yen	979,700,000 yen
* (5) Loss on Futures Transaction a/c	Accounts Payable a/c
8,600	8,600

12/10 Contact Date for Actual Delivery of Stock Sold

Accounts Receivable a/c	Government bonds a/c
1,022,273,000 yen	995,000,000 yen
	* (7) Gain on Sale of Public and Corporate Bonds a/c
	22,273

\* (4) Gain on Futures Transactions: 3,700,000 yen =  
1 billion yen x (97.60 - 97.20) x 1/100 - 300,000 yen  
(Face Value) (Final Clearing Price) (Book Value) (Commission Fees, etc.)

\* (5) Loss on Futures Transactions: 8,600,000 yen =  
1 billion yen x (97.97 - 98.80) x 1/100 - 300,000 yen  
(Face Value) (Book Value) (Final Clearing Price) (Commission Fees, etc.)

\* (6) Government Bonds: 1,000,400,000 yen =  
1 billion yen x 97.60 x 1.025 x 1/100  
(Face Value) (Final Clearing Price) (CF)

\* (7) Gains on sales of public and corporate bonds: 27,273,000 yen =  
1 billion yen x (98.80 x 1.035 - 99.50) x 1/100 - 307,000 yen  
(Face Value) (Final Clearing Price) (CF) (Book Value) (Transaction Tax)

Contract Price for Actually Delivered Stock Sold  
@ 102.258

(Transaction Tax = 1 billion yen x 102.258 x 1/100 x 3/10.000)  
(Tax Rate)

Journal Entry Example				Remarks						
3/20 Delivery Date		12/20 Delivery Date		<p>* (8) Settlement Amount</p> <p>1 billion yen  = 1 billion yen x {(97.60 x 1.025) + (97.50 - 97.60)} x 1/100 + 600,000 yen  (Face Value) (Final Clearing Price) (Deliverable Bond CF) (Sales Contract Price) (Final Clearing Price) (Clearing Fees, etc.)</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin: 5px 0;"></div> <p style="text-align: center;">Contract Price for Stock Traded</p> <p style="text-align: center;">Delivery Price</p> <p>* (9) Settlement amount</p> <p>1,013,673,000 yen = 1 billion yen x</p> <p>{98.80 x 1.035 + (98.00 - 98.80)} x 1/100 - (600,000 yen + 307,000 yen)  (Final Clearing Price) (Deliverable Bond CF) (Sales Contract Price) (Settlement Contract Price) (Fees) (Transaction Tax)</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin: 5px 0;"></div> <p style="text-align: center;">Contract Price for Actually Delivered Stock Sold</p> <p style="text-align: center;">Delivery Price</p> <p style="text-align: center;">(Clearing Fees)</p> <p>(Transaction tax = 1 billion yen x 102.258 x 1/100 x 3/10,000 (tax rate))</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Amount of actual delivery of stock sold</p>						
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Accounts Payable a/c 1,000,400,000 yen</td> <td style="width: 50%;">* (5) Money Trust a/c (or call loans) 1,000,000,000 yen</td> </tr> <tr> <td></td> <td>Accounts Receivable a/c 400</td> </tr> </table>	Accounts Payable a/c 1,000,400,000 yen	* (5) Money Trust a/c (or call loans) 1,000,000,000 yen			Accounts Receivable a/c 400	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Money Trust a/c (or call loans) 8,600</td> <td style="width: 50%;">Accounts Receivable a/c 1,022,273,000 yen</td> </tr> <tr> <td>* (9) 1,013,673,000 yen Accounts Payable a/c</td> <td></td> </tr> </table>	Money Trust a/c (or call loans) 8,600	Accounts Receivable a/c 1,022,273,000 yen	* (9) 1,013,673,000 yen Accounts Payable a/c	
Accounts Payable a/c 1,000,400,000 yen	* (5) Money Trust a/c (or call loans) 1,000,000,000 yen									
	Accounts Receivable a/c 400									
Money Trust a/c (or call loans) 8,600	Accounts Receivable a/c 1,022,273,000 yen									
* (9) 1,013,673,000 yen Accounts Payable a/c										
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Money Trust a/c (or call loans) 10,000,000 yen</td> <td style="width: 50%;">Customers' Margin Deposit a/c 30,000,000 yen</td> </tr> <tr> <td>Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> <td></td> </tr> </table>	Money Trust a/c (or call loans) 10,000,000 yen	Customers' Margin Deposit a/c 30,000,000 yen	Securities Received as Customers' Deposits for Customers' Margin a/c 20,000		<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Money Trust a/c (or call loans) 10,000,000 yen</td> <td style="width: 50%;">Customers' Margin Deposit a/c 30,000,000 yen</td> </tr> <tr> <td>Securities Received as Customers' Deposits for Customers' Margin a/c 20,000</td> <td></td> </tr> </table>	Money Trust a/c (or call loans) 10,000,000 yen	Customers' Margin Deposit a/c 30,000,000 yen	Securities Received as Customers' Deposits for Customers' Margin a/c 20,000		
Money Trust a/c (or call loans) 10,000,000 yen	Customers' Margin Deposit a/c 30,000,000 yen									
Securities Received as Customers' Deposits for Customers' Margin a/c 20,000										
Money Trust a/c (or call loans) 10,000,000 yen	Customers' Margin Deposit a/c 30,000,000 yen									
Securities Received as Customers' Deposits for Customers' Margin a/c 20,000										

(2) Special Provision for Accounting for the Contract Amount and Commission Charge (Including Consumption Tax) Converted Into Other Currencies, Such as in “Futures Transactions in Japanese Yen”

The following directive shall apply to accounting for brokerage commissions and consumption taxes on “Japanese Yen Currency Futures” and “US Dollar Short Term Interest Rate Futures” within the Tokyo Financial Futures Exchange.

	Buy Contracts				Sell Contracts			
	Daily Trial Balance Sheet for Japanese Currency		Daily Trial Balance Sheet for Foreign Currency		Daily Trial Balance Sheet for Japanese Currency		Daily Trial Balance Sheet for Foreign Currency	
(1) A New Position Opening	* Includes Commission (including consumption tax)		* Records Contract Amount		* Includes Commission (including consumption tax)		* Records Contract Amount	
(1) Contract Date	Losses on Futures Transactions, etc.	Accounts Payable for Futures Transactions	Futures Purchases	Accounts Payable for Futures Transactions	Losses on Futures Transactions, etc.	Accounts Payable for Futures Transactions	Accounts Receivable for Futures Transactions	Futures Sale
(2) Settlement Date	Accounts Payable for Futures Transactions	Accounts Payable	Accounts Payable for Futures Transactions	Futures Purchases	Accounts Payable for Futures Transactions	Accounts Payable	Futures Sale	Accounts Receivable for Futures Transactions
(1) Contract Date	Losses on Futures Transactions, etc.		[Accounts Receivable]	[Accounts Payable]	Losses on Futures Transactions, etc.		[Accounts Receivable]	[Accounts Payable]
	(Settlement Contract Amount)		[Loss on Futures Transactions, etc.]	[Gains on Futures Transactions, etc.]	(Settlement Contract Amount)		[Loss on Futures Transactions, etc.]	[Gains on Futures Transactions, etc.]
(2) Delivery Date	Accounts Payable	Call Loans, etc.	[Deposit]	[Accounts Receivable]	Accounts Payable	Call Loans, etc.	[Deposit]	[Accounts Receivable]
			[Accounts Payable]	[Deposit]			[Accounts Payable]	[Deposit]



Category	Calculations, etc.	Accounts Journal												
		<p>(2) Put</p> <table border="1"> <thead> <tr> <th colspan="2" data-bbox="1550 183 2078 207">Contract Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1550 215 1809 263">Accounts Receivable (Net Price)</td> <td data-bbox="1809 215 2078 263">Put Option (Sell) (Net Price)</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2" data-bbox="1550 327 2078 351">Delivery Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1550 359 1809 406">Call Loans, etc. (Net Price)</td> <td data-bbox="1809 359 2078 406">Accounts Receivable (Net Price)</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2" data-bbox="1550 470 2078 494">Deposit Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1550 502 1809 550">Customers' Margin Deposits</td> <td data-bbox="1809 502 2078 614">Call Loans, etc. Customers' Margin Deposits Substitute Securities</td> </tr> </tbody> </table>	Contract Date		Accounts Receivable (Net Price)	Put Option (Sell) (Net Price)	Delivery Date		Call Loans, etc. (Net Price)	Accounts Receivable (Net Price)	Deposit Date		Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities
Contract Date														
Accounts Receivable (Net Price)	Put Option (Sell) (Net Price)													
Delivery Date														
Call Loans, etc. (Net Price)	Accounts Receivable (Net Price)													
Deposit Date														
Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities													



Category	Calculations, etc.		Accounts Journal	
2. Closing Transaction (1) Resale (Applies to both call and put)	Number of contracted units	Resale quantity	(1) Call	
	Contract unit price	Resale unit price	<hr/> Contract Date	
	Contract price	Resale quantity x resale unit price x set multiple	Accounts Receivable (Net Price) Losses on Futures Transactions, etc. (Difference < 0)	Call Option (Buy) (Book Value) Gains on Futures Transactions, etc. (Difference ≥ 0)
	Fees		<hr/> Delivery Date	
	Net price	Contract price - fees	Call Loans, etc. (Net Price)	Accounts Receivable (Net Price)
	Book value of sale	(1) Whole Resell Full amount of book value (2) Partial Resale Resale quantity x book unit price x set multiple	(2) Put	
			<hr/> Contract Date	
			Accounts Receivable (Net Price) Losses on Futures Transactions, etc. (Difference < 0)	Put Option (Buy) (Book Value) Gains on Futures Transactions, etc. (Difference ≥ 0)
		<hr/> Delivery Date		
		Call Loans, etc. (Net Price)	Accounts Receivable (Net Price)	

Category	Calculations, etc.		Accounts Journal	
(2) Repurchase (Applies to both call and put)	Number of contracted units	Repurchase quantity	(1) Call	
	Contract unit price	Repurchase unit price	Contract Date	
	Contract price	Repurchase quantity x repurchase unit price x set multiple	Call Option (Sell) (Book Value) Losses on Futures Transactions, etc. (Difference < 0)	Accounts Payable (Net Price) Gains on Futures Transactions, etc. (Difference ≥ 0)
	Fees		Delivery Date	
	Net price	Contract price + fees	Accounts Payable (Net Price)	Call Loans, etc. (Net Price)
	Book value of portion sold	(1) Full Repurchase Full amount of book value (2) Partial Repurchase Repurchase quantity x book unit price x set multiple	Withdrawal Date	
	Transaction loss or gain	Book value of portion sold - Net price Difference ≥ 0 Difference < 0	Call Loans, etc.  Customers' Margin Deposits Substitute Securities	Customers' Margin Deposits
Customers' margin deposits		(2) Put		
		Contract Date		
		Put Option (Sell) (Book Value) Losses on Futures Transactions, etc. (Difference < 0)	Accounts Payable (Net Price) Gains on Futures Transactions, etc. (Difference ≥ 0)	
		Delivery Date		
		Accounts Payable (Net Price)	Call Loans, etc. (Net Price)	
		Withdrawal Date		
		Call Loans, etc. Customers' Margin Deposits Substitute Securities	Customers' Margin Deposits	

Category	Calculations, etc.		Accounts Journal	
(3) Exercise of Rights			Date of exercise	
(1) Exercise of Call Rights	Number of contracted units	Exercise quantity	Losses on Futures Transactions, etc. (Transfer amount for transaction losses)	Call Option (Buy) (Book Value)
(a) Futures Options	Book value of portion to be exercised	Exercise quantity x book value x set multiple		
(Securities, interest, currency, etc.)	Transfer amount for transaction losses	Book value of portion to be exercised		
A. Buy Contracts			Date of exercise	
			Futures purchases (Buy Contract Net Price)	Accounts Payable for Futures Transactions (Buy Contract Net Price)
B. Sell Contracts	Quantity of buy contracts	Exercise quantity		
	Buy contract unit price	Exercise price (= strike price)	Deposit Date	
(b) Futures Options (Index)	Buy Contract Price	Exercise quantity x exercise price x set multiple	Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities
	Fees			
	Buy contract net price	Buy contract price + fees		
	Customers' margin deposits		Equivalent to futures transactions accounting	
(c) Spot Options			Date of exercise	
			Accounts Receivable (Settlement Amount Receivable) Losses on Futures Transactions, etc. (Difference < 0)	Call Option (Buy) (Book Value) Gains on Futures Transactions, etc. (Difference ≥ 0)
	Settlement Amount Receivable	(Index value - exercise price) x exercise quantity x set multiple - Fees	Delivery Date	
			Call Loans, etc.	Accounts Receivable
			Date of exercise	
			Losses on Futures Transactions, etc. (Transfer amount for transaction losses)	Call Option (Buy) (Book Value) Accounts Payable (Net Purchase Price)
			Stock certificates, bonds, or deposits (Items purchased)	
			Delivery Date	
			Accounts Payable	Call Loans, etc.

Category	Calculations, etc.		Accounts Journal	
<p>- When there are shares below the minimum trade unit when exercising stock options</p>	<p>Settlement amount when below the minimum unit</p>	<p>(Final price of stock certificates - exercise price) x quantity of stock options below minimum trade unit</p> <p>(Final price of stock certificates - exercise price) &gt; 0</p> <p>(Final price of stock certificates - exercise price) &lt; 0</p>	<p style="text-align: center;">Date of exercise</p> <hr/> <p>Accounts Receivable (Settlement Amount Receivable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Call Loans, etc.</p>	<p style="text-align: center;">Date of exercise</p> <hr/> <p>Gains on Futures Transactions, etc. (Settlement Amount Receivable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Accounts Receivable</p> <p style="text-align: center;">Date of exercise</p> <hr/> <p>Losses on Futures Transactions, etc. (Settlement Amount Payable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Accounts Payable</p> <p style="text-align: center;">Date of exercise</p> <hr/> <p>Accounts Payable (Settlement Amount Payable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Call Loans, etc.</p>

Category	Calculations, etc.		Accounts Journal		
(2) Exercise of Put Options (a) Futures Options (Securities, interest, currency, etc.)	Number of contracted units	Exercise quantity	Date of exercise		
	Book value of portion to be exercised	Exercise quantity x book value x set multiple	Losses on Futures Transactions, etc. (Transfer amount for transaction losses)	Put Option (Buy) (Book Value)	
	Transfer amount for transaction losses	Book value of portion to be exercised	Date of exercise		
	A. Sell Contracts		Accounts Receivable for Futures Transactions (Sell Contract Net Price)	Futures Sale (Sell Contract Net Price)	
	B. Resale	Quantity of sell contracts	Exercise quantity	Deposit Date	
	Sell contract unit price	Exercise Price	Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities	
	Sell Contract Price	Exercise quantity x exercise price x set multiple			
	Fees				
	Sell Contract Net Price	Sell Contract Price - Fees			
	Customers' margin deposits		Equivalent to futures transactions accounting		
(c) Spot Options			Date of exercise		
	Settlement Amount Receivable	(Exercise price - index value) x exercise quantity x set multiple - Fees	Accounts Receivable (Settlement Amount Receivable) Losses on Futures Transactions, etc. (Difference < 0)	Put Option (Buy) (Book Value) Gains on Futures Transactions, etc. (Difference ≥ 0)	
Call Loans, etc.			Accounts Receivable		
			Date of exercise		
			Losses on Futures Transactions, etc. (Transfer amount for transaction losses) Accounts Receivable (Net Sales) Loss on Securities Transactions	Put Option (Buy) (Book Value) Stock Certificates, Bonds, or Deposits (Items sold) Gain on Securities Transactions	
			Delivery Date		
			Call Loans, etc.	Accounts Receivable	

Category	Calculations, etc.		Accounts Journal	
<p>- When there are shares below the minimum trade unit when exercising stock options</p>	<p>Settlement amount when below the minimum unit</p>	<p>(Exercise price - final price of stock certificates) x quantity of stock options below minimum trade unit</p> <p>(Exercise price - final price of stock certificates) &gt; 0</p> <p>(Exercise price - final price of stock certificates) &lt; 0</p>	<p style="text-align: center;">Date of exercise</p> <hr/> <p>Accounts Receivable (Settlement Amount Receivable When Below the Minimum Unit)</p>	<p style="text-align: center;">Date of exercise</p> <hr/> <p>Gains on Futures Transactions, etc. (Settlement Amount Receivable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Call Loans, etc.</p> <p style="text-align: center;">Date of exercise</p> <hr/> <p>Accounts Payable (Settlement Amount Payable When Below the Minimum Unit)</p> <p style="text-align: center;">Delivery Date</p> <hr/> <p>Accounts Payable</p>

Category	Calculations, etc.		Accounts Journal	
(4) Exercise of Rights (1) Exercising Call Rights (a) Futures Options (Securities, interest, currency, etc.)	Number of contracted units	Exercise Quantity	Date of exercise	
	Book value of portion to be exercised	Exercise quantity x book unit price x set multiple	Call Option (Sell) (Book Value)	Gains on Futures Transactions, etc. (Transfer amount for transaction gains)
	Transfer amount for transaction gains	Book value of portion to be exercised	Date of exercise	
	Quantity of sell contracts	Exercise Quantity	Accounts Receivable for Futures Transactions (Sell Contract Net Price)	Futures Sale (Sell Contract Net Price)
	Sell contract unit price	Exercise Price	Deposit Date	
	Sell Contract Price	Exercise quantity x exercise price x set multiple	Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities
	Fees		Equivalent to futures transactions accounting	
	Sell Contract Net Price	Sell Contract Net Price - Fees	Date of exercise	
	Customers' margin deposits		Call Option (Sell) (Book Value) Losses on Futures Transactions, etc. (Difference < 0)	Accounts Payable (Settlement amount payable) Gains on Futures Transactions, etc. (Difference ≥ 0)
	(c) Spot Options	Settlement amount payable	(Index value - exercise price) x exercise quantity x set multiple + Fees	Delivery Date
			Accounts Payable	Call Loans, etc.
			Date of exercise	
			Call Option (Sell) (Book Value) Accounts Receivable (Net Sales) Loss on Securities Transactions	Gains on Futures Transactions, etc. (Transfer amount for transaction gains) Stock Certificates, Bonds, or Deposits (Items sold) Gain on Securities Transactions
			Delivery Date	
			Call Loans, etc.	Accounts Receivable





Category	Calculations, etc.		Accounts Journal		
(2) Exercise of put rights (a) Futures Options (Securities, interest, currency, etc.)	Number of contracted units	Exercise Quantity	Date of exercise		
	Book value of portion to be exercised	Exercise quantity x book unit price x set multiple	Put Option (Sell) (Book Value)	Gains on Futures Transactions, etc. (Transfer amount for transaction gains)	
	Transfer amount for transaction gains	Book value of portion to be exercised			
	A. Buy Contracts			Date of exercise	
		Quantity of buy contracts	Exercise Quantity	Futures Purchases (Buy Contract Net Price)	Accounts Payable for Futures Transactions (Buy Contract Net Price)
	B. Sell Contracts	Buy contract unit price	Exercise Price		
		Buy Contract Price	Exercise quantity x exercise price x set multiple	Deposit Date	
	(b) Futures Options (Index)	Fees		Customers' Margin Deposits	Call Loans, etc. Customers' Margin Deposits Substitute Securities
		Buy contract net price	Buy Contract Net Price + Fees		
		Customers' margin deposits			
(c) Spot Options			Equivalent to futures transactions accounting		
			Settlement amount payable	(Exercise price - index value) x exercise quantity x set multiple + Fees	Date of exercise
			Put Option (Sell) (Book Value) Losses on Futures Transactions, etc. (Difference < 0)	Accounts Payable (Settlement Amount Payable) Gains on Futures Transactions, etc. (Difference ≥ 0)	
					Delivery Date
			Accounts Payable	Call Loans, etc.	
			Date of exercise		
			Put Option (Sell) (Book Value) Stock Certificates, Bonds, or Deposits (Items purchased)	Gains on Futures Transactions, etc. (Transfer amount for transaction gains) Accounts Payable (Net Purchase Price)	
					Delivery Date
			Accounts Payable	Call Loans, etc.	



Category	Calculations, etc.		Accounts Journal	
(5) Waiver of Rights (Applies to both call and put)	Number of contracted units	Waiver Quantity	(1) Call <hr/> Waiver Date	
	Book value of portion waived	Quantity waived x book unit value x set multiple	Losses on Futures Transactions, etc. (Transfer amount for sales/purchase losses)	Call Option (Buy) (Book Value)
	Transfer amount for transaction losses	Book value of portion waived	(2) Put <hr/> Waiver Date	
			Losses on Futures Transactions, etc. (Transfer amount for sales/purchase losses)	
(6) Expiration of Obligations (Applies to both call and put)	Number of contracted units	Number of expired obligations	(1) Call <hr/> Obligation Expiration Date	
	Book value of expired obligations	Quantity of expired obligations x book unit value x set multiple	Call Option (Sell) (Book Value)	Gains on Futures Transactions, etc. (Transfer Amount for Sales/Purchase gains)
	Transfer amount for transaction gains	Book value of expired obligations	<hr/> Withdrawal Date	
			Call Loans, etc. Customers' Margin Deposits Substitute Securities	Customers' Margin Deposits
		(2) Put <hr/> Obligation Expiration Date		
		Put Option (Sell) (Book Value)	After-tax Gains on Futures Transactions (Transfer Amount for Sales/Purchase gains)	
		<hr/> Withdrawal Date		
		Call Loans, etc. Customers' Margin Deposits Substitute Securities	Customers' Margin Deposits	

Category	Calculations, etc.	Accounts Journal														
3. Valuation	<table border="1"> <tr> <td data-bbox="504 212 651 268">Buy contracts</td> <td data-bbox="651 212 801 236">Call</td> <td data-bbox="801 212 1491 236">Appraised value - Book Value</td> </tr> <tr> <td data-bbox="504 236 651 268"></td> <td data-bbox="651 236 801 268">Put</td> <td data-bbox="801 236 1491 268">Appraised value - Book Value</td> </tr> <tr> <td data-bbox="504 268 651 323">Sell contract</td> <td data-bbox="651 268 801 292">Call</td> <td data-bbox="801 268 1491 292">Book Value - Appraised value</td> </tr> <tr> <td data-bbox="504 292 651 323"></td> <td data-bbox="651 292 801 323">Put</td> <td data-bbox="801 292 1491 323">Book Value - Appraised value</td> </tr> </table>	Buy contracts	Call	Appraised value - Book Value		Put	Appraised value - Book Value	Sell contract	Call	Book Value - Appraised value		Put	Book Value - Appraised value	<p style="text-align: center;">Every day</p> <hr/> <table border="1"> <tr> <td data-bbox="1552 236 1809 323">Valuation Gain or Loss on Futures Transactions, etc.</td> <td data-bbox="1809 236 2078 323"></td> </tr> </table>	Valuation Gain or Loss on Futures Transactions, etc.	
Buy contracts	Call	Appraised value - Book Value														
	Put	Appraised value - Book Value														
Sell contract	Call	Book Value - Appraised value														
	Put	Book Value - Appraised value														
Valuation Gain or Loss on Futures Transactions, etc.																
4. Valuation Conversion	<p>In the case of open type investment trusts, revaluation shall be made to the market value on the fund settlement date.</p> <table border="1"> <tr> <td data-bbox="504 443 801 523">Buy contracts Same between call/put</td> <td data-bbox="801 443 1491 523">Valuation gains shall be recorded as futures transaction, etc. gains, and valuation losses shall be recorded as futures transaction, etc. losses.</td> </tr> <tr> <td data-bbox="504 523 801 579">Sell contract Same between call/put</td> <td data-bbox="801 523 1491 579">Same as above</td> </tr> </table>	Buy contracts Same between call/put	Valuation gains shall be recorded as futures transaction, etc. gains, and valuation losses shall be recorded as futures transaction, etc. losses.	Sell contract Same between call/put	Same as above	<p>[Buy Contracts]</p> <p>(1) Call</p> <p style="text-align: center;">Fund Settlement Date</p> <hr/> <table border="1"> <tr> <td data-bbox="1552 491 1809 547">Call Option (Buy) (Valuation Margin)</td> <td data-bbox="1809 491 2078 579">Gains on Futures Transactions, etc. (Valuation Margin)</td> </tr> <tr> <td data-bbox="1552 579 1809 659">Losses on Futures Transactions, etc. (Valuation Loss)</td> <td data-bbox="1809 579 2078 659">Call Option (Buy) (Valuation Loss)</td> </tr> </table> <p>(2) Put</p> <p style="text-align: center;">Fund Settlement Date</p> <hr/> <table border="1"> <tr> <td data-bbox="1552 778 1809 834">Put Option (Buy) (Valuation Margin)</td> <td data-bbox="1809 778 2078 866">Gains on Futures Transactions, etc. (Valuation Margin)</td> </tr> <tr> <td data-bbox="1552 866 1809 946">Losses on Futures Transactions, etc. (Valuation Loss)</td> <td data-bbox="1809 866 2078 946">Put Option (Buy) (Valuation Loss)</td> </tr> </table>	Call Option (Buy) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)	Losses on Futures Transactions, etc. (Valuation Loss)	Call Option (Buy) (Valuation Loss)	Put Option (Buy) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)	Losses on Futures Transactions, etc. (Valuation Loss)	Put Option (Buy) (Valuation Loss)		
Buy contracts Same between call/put	Valuation gains shall be recorded as futures transaction, etc. gains, and valuation losses shall be recorded as futures transaction, etc. losses.															
Sell contract Same between call/put	Same as above															
Call Option (Buy) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)															
Losses on Futures Transactions, etc. (Valuation Loss)	Call Option (Buy) (Valuation Loss)															
Put Option (Buy) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)															
Losses on Futures Transactions, etc. (Valuation Loss)	Put Option (Buy) (Valuation Loss)															

Category	Calculations, etc.	Accounts Journal												
<p>5. Change in Number of Shares (Applies to both call and put)</p> <p>6. Ex-Rights Accounting (Applies to both call and put)</p>	<p>- Open interest will be adjusted when the number of unit shares (not accompanying a change in face value) of stock options changes.</p> <p>(E.g.) Changing trade unit from 1,000 shares to 100 shares</p> <p>- When a stock split, reverse stock split, or paid capital increase for the stock options occurs, the ex-rights price will be adjusted on the ex-rights date, etc., based on the stock split/reverse stock split ratio.</p>	<p>[Sell Contracts]</p> <p>(1) Call</p> <table border="1" data-bbox="1556 231 2072 454"> <thead> <tr> <th colspan="2" data-bbox="1556 231 2072 263">Fund Settlement Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1556 263 1803 327">Call Option (Sell) (Valuation Margin)</td> <td data-bbox="1803 263 2072 351">Gains on Futures Transactions, etc. (Valuation Margin)</td> </tr> <tr> <td data-bbox="1556 351 1803 454">Losses on Futures Transactions, etc. (Valuation Loss)</td> <td data-bbox="1803 351 2072 454">Call Option (Sell) (Valuation Loss)</td> </tr> </tbody> </table> <p>(2) Put</p> <table border="1" data-bbox="1556 518 2072 726"> <thead> <tr> <th colspan="2" data-bbox="1556 518 2072 550">Fund Settlement Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1556 550 1803 614">Put Option (Sell) (Valuation Margin)</td> <td data-bbox="1803 550 2072 638">Gains on Futures Transactions, etc. (Valuation Margin)</td> </tr> <tr> <td data-bbox="1556 614 1803 726">Losses on Futures Transactions, etc. (Valuation Loss)</td> <td data-bbox="1803 614 2072 726">Put Option (Sell) (Valuation Loss)</td> </tr> </tbody> </table> <p>No entry to the Account Journals</p> <p>- Option contract unit number 1 -&gt; 10</p> <p>No entry to the Account Journals</p>	Fund Settlement Date		Call Option (Sell) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)	Losses on Futures Transactions, etc. (Valuation Loss)	Call Option (Sell) (Valuation Loss)	Fund Settlement Date		Put Option (Sell) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)	Losses on Futures Transactions, etc. (Valuation Loss)	Put Option (Sell) (Valuation Loss)
Fund Settlement Date														
Call Option (Sell) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)													
Losses on Futures Transactions, etc. (Valuation Loss)	Call Option (Sell) (Valuation Loss)													
Fund Settlement Date														
Put Option (Sell) (Valuation Margin)	Gains on Futures Transactions, etc. (Valuation Margin)													
Losses on Futures Transactions, etc. (Valuation Loss)	Put Option (Sell) (Valuation Loss)													

Category	Calculations, etc.	Accounts Journal
	<p>- The number of stock certificates subject to options for one unit of stock options shall be adjusted based on the relevant stock split ratio, etc., when the exercise price is adjusted. However, when the adjusted quantity is an integer multiple of the trading unit of the stock subject to options, the quantity shall not be adjusted, and the open interest shall be adjusted based on the relevant stock split ratio, etc.</p> <p>(Example 1) Stock Split of 1:1.1</p> <ul style="list-style-type: none"> <li>- The trading unit of subjected stock certificates per option (set multiple).</li> <li>- Adjustment of exercise price</li> </ul> <p>(Example 2) Stock Split of 1:2</p> <ul style="list-style-type: none"> <li>- The trading unit of subjected stock certificates per option (set multiple).</li> <li>- Number of option contract units</li> <li>- Adjustment of exercise price</li> </ul>	<ul style="list-style-type: none"> <li>- 1,000 shares -&gt; 1,100 shares</li> <li>- Exercise price after split = Exercise price before split ÷ 1.1</li> </ul> <ul style="list-style-type: none"> <li>- No change</li> <li>- Change from 1 -&gt; 2</li> <li>- Exercise price after split = Exercise price before split ÷ 2</li> </ul>

15. Accounting for Corporate Bonds with Detachable Stock Subscription Warrants

Category	Accounting Method	Accounts Journal
<p>1. Corporate Bonds with Stock Subscription Warrants Processing For Cum Warrants Upon Acquisition</p> <p>- Calculation of Book Value - &lt;When Not Listed&gt;</p>	<p>○ When cum warrants are acquired, the amount required for acquisition (excluding existing accrued interest) shall be separated into corporate bond certificates (ex-warrants) and tock subscription warrant securities (warrants) on the contract date for accounting purposes.</p> <p>(1) Ex-Warrants</p> <p>(i) Contract unit price = Latest standard indicative price (Note) The standard indicative price issued by the Japan Securities Dealers Association every Thursday shall apply from Friday to Thursday of the following week.</p> <p>(ii) Contract price = Purchase face value x contract unit price ÷ 100</p> <p>(iii) Book value = Contract price</p> <p>(2) Warrants</p> <p>(i) Contract unit price = (contract unit price of cum warrants) - (contract unit price of ex-warrant)</p> <p>(ii) Contract price = Number of warrants x (value of corporate bonds per warrant) x unit contract price ÷ 100</p> <p>(iii) Book value = Contract price (= contract price of cum warrants - contract price of ex-warrant)</p>	<p>- Contract Date - (Corporate Bond Certificates) xxx (Accounts payable) xxx (Stock subscription warrant securities) xxx</p> <p>( Corporate bonds = (1)-(iii) Stock subscription warrant securities = (2)-(iii) Accounts payable = Cum warrants contract price )</p> <p>- Delivery Date - (Accounts payable) xxx (Call loans) xxx (Prepaid Expenses) xxx or money trust</p> <p>( Prepaid expenses = Existing accrued interest when cum warrants are acquired )</p> <p>Call Loan = Amount received when cum warrants are acquired</p>





Category	Accounting Method	Accounts Journal
<p>3. Accounting When Warrants Are Sold</p>	<p>Unit book value of warrants =  <math>\text{Book value of warrants} \div (\text{number of warrants} \times \text{face value of corporate bonds per warrant}) \times 100</math></p> <p>○ When only warrants are sold, a securities transaction tax equivalent to those levied on stocks shall be collected.</p> <p>(i) Contract Price... Same as 1-(2)-(ii).</p> <p>(ii) Brokerage commissions .... Calculated the same as for stocks</p> <p>(iii) Securities transaction tax = <math>\text{Contract price} \times 55/10,000</math>  (Rounded down to the nearest yen)</p> <p>(iv) Delivery amount = <math>\text{Contract price} - \text{brokerage commission} - \text{securities transaction tax}</math></p> <p>(v) Book value of portion sold = <math>\text{Number of warrants} \times (\text{amount of corporate bonds per warrant})</math>  (amounts under one yen rounded down) <math>\times \text{unit book value} \div 100</math></p> <p>(vi) Profit or loss on trade = <math>\text{Delivery amount} - \text{book value of portion sold}</math></p>	<p>- Contract Date -  <math>(\text{Accounts receivable}) \text{ xxx } (\text{Stock subscription warrant securities}) \text{ xxx}</math>  <math>(\text{Gain on securities transactions}) \text{ xxx}</math></p> <p><math>(\text{Accounts receivable} = \text{(iv)})</math>  <math>(\text{Stock subscription warrant securities} = \text{(v)})</math>  <math>(\text{Gain (or loss) on securities transactions} = \text{(vi)})</math></p> <p>- Delivery Date -  <math>(\text{Call loans}) \text{ xxx } (\text{Accounts receivable}) \text{ xxx}</math>  Or money trust</p>
<p>4. Accounting When Rights Are Exercised</p>	<p>○ The book value of shares acquired through the exercise of rights shall be the payment amount plus the book value of the warrants. As such, the book value of the warrants will be transferred to the book value of the shares.</p> <p>(i) Acquired shares = <math>(\text{Number of warrants} \times \text{face value of bonds per warrant}) \times \text{grant ratio}</math>  (Amounts less than one share rounded down) <math>\times \text{Exercise ratio} \div \text{Exercise price}</math></p> <p>(ii) Payment amount = <math>\text{Acquired shares} \times \text{exercise price}</math></p> <p>(iii) Book value = <math>\text{Payment amount} + \text{warrant book value}</math></p>	<p>- Date of Exercise -  <math>(\text{Stock certificates}) \text{ xxx}</math>  <math>(\text{Stock subscription warrant securities}) \text{ xxx}</math>  <math>(\text{Call loans}) \text{ xxx}</math>  Or money trust</p> <p><math>(\text{Stock certificates} = \text{(iii)})</math>  <math>(\text{Stock subscription warrant securities} = \text{Book value of warrant})</math>  <math>(\text{Call Loan} = \text{(ii)})</math></p>



Category	Accounting Method	Accounts Journal
<p>7. Daily Valuation and Closing Revaluation</p> <p>8. About Cum Warrants Bonds Denominated in Foreign Currencies</p>	<p>○ Listed warrants are valued daily at the market closing price. When closing the accounts at the end of the term, perform revaluation for open type trusts.</p> <p>○ The transaction amount is to be separated into ex-warrants and warrants on the execution date. This shall be done according to Japanese separation methods.</p> <p>(1) Ex-Warrants Contract unit price = the OTC indicative bid price quote on the date of purchase Corresponds to warrants issued in Japan hereinafter.</p> <p>(2) Warrants Contract price = contract unit price of cum warrant) - (contract unit price of ex-warrant) Corresponds to warrants issued in Japan hereinafter.</p>	

## 16. Accounting for Euroyen Bonds

- (1) Accounting for Euroyen Bonds (excluding Euroyen Dual Currency Bonds; the same shall apply hereinafter ) shall be as follows:
  - (a) Euroyen bonds shall be accounted for in the daily trial balance sheet for Japanese currency.
  - (b) The bond account shall be classified according to domestic bond classification.
  - (c) Accounting for deposits and withdrawals related to sales and interest payments, etc. shall be done in the deposit account.
  - (d) In the event that the amount of deposited in (c) is used in Japan or appropriated for payment within Japan, the destination of the deposit shall be changed (that is, an account transfer).
- (2) Accounting for Euroyen Dual Currency Bonds shall be as follows:
  - (a) Euroyen Dual Currency Bonds shall be accounted for in the daily trial balance sheet for foreign currency displayed in yen.
  - (b) When bonds are redeemed, payment shall be accounted for in the daily trial balance sheet of the foreign currency received.
    - (i) Gains or losses on bond redemption shall be calculated in Japanese yen and accounted for in the foreign currency daily trial balance sheet displayed in yen. In this case, the amount of foreign currency received is converted into Japanese yen at the customer rate on the same day.
    - (ii) After the accounting in (i) above, yen shall be transferred from the daily trial balance sheet for the foreign currency displayed in yen to the daily trial balance sheet in Japanese yen. When doing so, the same procedures for selling foreign currency shall apply.
    - (iii) Account for the purchase of foreign currency equivalent to the amount of foreign currency received in redemption of bonds in the daily trial balance sheet in Japanese yen.
  - (c) Remittances of foreign currency assets displayed in yen shall be accounted for in the same way as transfers accompanying sale of foreign currency.
- (3) Journal entry examples for Euroyen Bonds and Euroyen Dual Currency Bonds are as follows:

(1) Journal Entry Example for Euroyen Bonds

Category	Account Journal (Assets Denominated in Japanese Currency)	Remarks
1. Purchase Contract Date	(Bonds)                    ×××                    (Accounts Payable)	* Journal entry examples on delivery dates and payment dates, etc., should be made on the date the respective notification was made.
2. Date of Deposit Destination Change	(De p o s i t)                    ×××                    (Call Loans) Or money trust	
3. Purchase Delivery Date	(Accounts Payable)                    ×××                    (De p o s i t)	
4. Sales Contract Date	(Prepaid Expenses)                    ×××	
5. Sale Delivery Date	(Accounts Receivable)                    ×××                    (B o n d s) (Gains on Securities Transactions) (De p o s i t)                    ×××                    (Accounts Receivable)	
6. Date of Deposit Destination Change	(Call Loans)                    ×××                    (De p o s i t) Or money trust	
7. Recording of Accrued Interest Income	(Accrued Interest Income)                    ×××                    (Interest Income)	
8. Interest Deposit	(De p o s i t)                    ×××                    (Accrued Interest Income) (Prepaid Expenses) (Interest Income)	

(2) Journal Entry Example for Euroyen Dual Currency Bonds

Category	Accounts Journal		Remarks
	Assets Denominated in Japanese Currency (Yen)	Assets Denominated in Foreign Currency (Yen)	
1. Purchase Contract Date	No treatment	(Bonds) xxx (Accounts Payable) xxx	- Bond account is a temporary category (The same shall apply hereinafter) - If the contract is made on the Tokyo OTC market, journal entries shall be made at the date of purchase delivery.
2. Date of Yen Remittance	(Foreign Investment a/c) xxx (Call loans) xxx Or money trust	(Deposit) xxx (Foreign Currency Fund) xxx	
3. Purchase Delivery Date	No treatment	(Accounts Payable) xxx (Deposit) xxx (Prepaid Expenses) xxx	- Process once delivery is complete
4. Recording of Accrued Interest Income	No treatment	(Accrued Interest Income) xxx (Interest Income) xxx	
5. Interest Deposit Date	No treatment	(Deposit) xxx (Accrued Interest Income) xxx (Prepaid Expenses) xxx (Interest Income) xxx	- Process when interest is deposited
6. Sales Contract Date	No treatment	(Accounts Receivable) xxx (Bonds) xxx (Losses on Securities Transaction) xxx (Gain on securities transactions) xxx	
7. Sale Delivery Date	No treatment	(Deposit) xxx (Accounts Receivable) xxx (Accrued Interest Income) xxx (Prepaid Expenses) xxx (Interest Income) xxx	- Process once delivery is complete

Category	Accounts Journal		Remarks
	Assets Denominated in Japanese Currency (Yen)	Assets Denominated in Foreign Currency (Yen)	
8. Closing Date Revaluation (For Open Type Trusts)	(Foreign Investment Accounts) xxx (Gain on securities transactions) xxx	(Bonds) xxx (Gains on Securities Transactions) xxx (Gains on Securities Transactions) xxx (Foreign Currency Funds) xxx	- Valuation Gains  - Valuation Losses
	(Losses on Securities Transaction) xxx (Foreign Investment Accounts) xxx	(Loss on Securities Transaction) xxx (Bonds) xxx (Foreign Currency Funds)xxx (Loss on Securities Transaction) xxx	- Deposit = Amount of foreign currency received as redemption x average rate  - Gain or Loss on Securities Transaction
9. Accounting for Bond Redemption	(Deposit) xxx (Foreign Investment Accounts) xxx (Gains on Securities Transactions) xxx	- Yen - (Deposit) xxx (Bonds) xxx (Loss on Securities Transaction) xxx (Gain on securities transactions) xxx (Foreign Currency Funds) xxx (Deposit) xxx	= Deposits - Bond Book Value - Same as accounting for sales of foreign currency  - Redemption proceeds received in foreign currency
10. Yen Transfer Day	(Foreign Investment Accounts) xxx (Deposit) xxx (Deposit) xxx	(Gains on Securities Transactions) xxx - Daily Trial Balance Sheet for Currency Received as Redemption - (Deposit)xxx (Foreign Currency Funds) xxx (Foreign Currency Funds) xxx (Deposit) xxx	
	(Foreign Investment Accounts) xxx (Gains on Securities Transactions) xxx	(Gains on Securities Transactions) xxx	

17. Accounting for Domestic Negotiable Certificates of Deposit (CD)

Category	Account Journal		Remarks
<p>1. Accounting for Purchase Date (Delivery Date)</p> <p>2. Recording of Accrued Interest Income</p>	<p>Deposit   xxx</p> <hr/> <p>Accrued Interest Income   xxx</p>	<p>Call Loans   xxx (or money trusts)</p> <hr/> <p>Interest Income   xxx</p>	<p>Account Category: Deposits Amount Recorded: Purchase price</p> <p>Accounting Period: Calculated daily starting the day following the date of purchase until the date of sales (delivery date) Amount recorded: Daily rate of interest including tax</p> <p>&lt;Formula&gt; Per day: <math>\frac{\text{Maturity principal and interest (or sales amount)} - \text{purchase price}}{\text{No. of days}}</math> (Rounded down to the nearest yen)</p> <p>Maturity principal and interest = face value x (1 + rate on certificate x number of days/365) (Rounded down to the nearest yen) No. of days: From the purchase date to the date of maturity (or date of sales), excluding the first or last day</p>
<p>3. Accounting for Maturity Date or Date of Sales (Delivery Date)</p>	<p>Call Loans   xxx (or money trusts)</p> <p>Accounts Receivable   xxx</p>	<p>Deposit   xxx Accrued Interest Income   xxx Interest Income   xxx</p>	<p>Call Loan: Maturity principal and interest or sales amount. However, if a purchase is made midway through the period and held until the maturity date, withholding tax (20%) will be applied to the interest for the non-holding period.</p> <p>Accounts receivable: Withholding taxes at maturity date</p> <p>Deposits: Purchase price</p> <p>Accrued interest income: The deducted amount of accrued interest income recorded</p> <p>Interest income: Difference occurred on the maturity date or date of sales</p> <p>&lt;Formula&gt; Interest income = Maturity principal and interest (or sales amount) - (purchase price + accrued interest income per day x no. of days)</p> <p>Maturity principal and interest: Amount including tax</p> <p>No. of days: From the purchase date to the date of maturity or sales, excluding the first or last day</p>



18. Accounting for Commercial Paper (Including Short-Term Bonds, etc.)

Commercial Paper (including short-term bonds, etc.) shall be calculated at the acquisition value in the Other Securities account, and discount charges shall be recorded daily as interest income and accrued interest income.

19. Accounting Accompanying Conversion of Shareholder Benefits

The amount of shareholder benefits converted shall be recorded in Other Revenue without delay upon receipt.

20. Accounting of Borrowed Funds

Category	Accounting Method	
I. Account Processing for Loans	1. Calculate the amount of the loan (repayment amount). Interest expenses are not included.	
II. Creating New Accounts	1. Interest Expense Accounts (Liability Account).... Accrued Interest Expense (Loss Account).... Interest Expense (1) The interest expense for loans shall be recorded. (2) Interest expense shall be treated as negative income gain.	
III. Calculating Interest Expense	1. To be recorded collectively on the borrowing date.	
IV. Loan Amounts Denominated in Foreign Currency	1. This shall be the Foreign Exchange Accounts Receivable pertaining to internal transfers of accounts receivable denominated in foreign currency.	

Transaction	Account Journal	Description				
1. Date of Loan	<table border="1"> <tr> <td data-bbox="400 1503 783 1603">Call Loans: xxx</td> <td data-bbox="783 1503 1142 1603">Loans: xxx</td> </tr> <tr> <td data-bbox="400 1603 783 1704">Interest Expense: xxx</td> <td data-bbox="783 1603 1142 1704"></td> </tr> </table>	Call Loans: xxx	Loans: xxx	Interest Expense: xxx		} When interest is paid in advance
	Call Loans: xxx	Loans: xxx				
Interest Expense: xxx						
<table border="1"> <tr> <td data-bbox="400 1603 783 1704">Call Loans:xxx</td> <td data-bbox="783 1603 1142 1704">Loans: xxx</td> </tr> <tr> <td data-bbox="400 1704 783 1816">Interest Expense: xxx</td> <td data-bbox="783 1704 1142 1816">Accrued Interest Expenses: xxx</td> </tr> </table>	Call Loans:xxx	Loans: xxx	Interest Expense: xxx	Accrued Interest Expenses: xxx	} When interest is paid afterward	
Call Loans:xxx	Loans: xxx					
Interest Expense: xxx	Accrued Interest Expenses: xxx					
2. Reimbursement Date	<table border="1"> <tr> <td data-bbox="400 1816 783 1917">Loans: xxx</td> <td data-bbox="783 1816 1142 1917">Call Loans: xxx</td> </tr> <tr> <td data-bbox="400 1917 783 1989">Accrued Interest Expenses: xxx</td> <td data-bbox="783 1917 1142 1989"></td> </tr> </table>	Loans: xxx	Call Loans: xxx	Accrued Interest Expenses: xxx		When interest is paid afterward
Loans: xxx	Call Loans: xxx					
Accrued Interest Expenses: xxx						

21. Accounting for Loaned Stock Certificates

Category	Accounting Method
I. Accounting for Loaned Stock Certificates	<ol style="list-style-type: none"> <li>1. No new account titles prescribed in the ministry orders shall be created, and as such there is no separation of book values.</li> <li>2. Loaned stock certificates are managed in the “Securities Loaned” and “Loan Transaction Securities” accounts.</li> <li>3. Loaned stock certificates are managed separately for each share issue.</li> </ol>
II. Collateral (Acceptance of Collateral Money for Lending Shares)	<ol style="list-style-type: none"> <li>1. Lending shares are accepted as trust property.</li> </ol>
III. Creating New Accounts	<ol style="list-style-type: none"> <li>1. Loaned Stock Certificates                      Asset Account.....Securities Loaned                      Liability Account.....Loan Transaction Securities                      (1) The market value of the loan on the day before the loan closing date shall be recorded.                      (2) To be recorded on the date the loan was made and to be withdrawn on the return date.                      (3) Offset through an account transfer on the closing date and transfer back at the beginning of the following fiscal term.</li> <li>2. Account for Collateral Received                      Asset Account.....Securities Received as Customers’ Deposits for Cash Collateral Received                      Liability Account.....Cash Collateral Received                      (1) The received amount of cash collateral for loaned shares sold shall be recorded. When securities are accepted instead, the collateral value shall be recorded.                      (2) To be recorded on the date the loan was made and to be withdrawn on the return date.</li> <li>3. Interest Expense Account                      Liability Account.....Accrued Interest Expenses                      Loss Account.....Interest expense                      (1) The interest expense on cash collateral for loaned shares sold shall be recorded daily.                      (2) To be recorded on the date of the loan and to be withdrawn on the payment date.                      (3) Interest expense shall be treated as negative income gain.</li> </ol>
IV. Share-Lending Commission	<ol style="list-style-type: none"> <li>1. Accounts to Be Recorded                      Asset Account.....Other Accrued Revenue                      Profit Account .....Other Revenue                      (1) To be recorded daily starting on the date of the loan and to be withdrawn on the payment date.                      (2) Share-lending commission shall be treated as income gain.</li> </ol>

Category	Accounting Method
V. Overdue of Relevant Ex-Rights Stocks	<ol style="list-style-type: none"> <li>1. Cancellation of Dividends Cancelled on the last business day of the month.</li> <li>2. An amount equivalent to dividends shall be recorded.</li> <li>3. Accounts to Be Recorded Asset Accounts..... Other Accrued Revenue Profit Account..... Other Revenue To be recorded on the last business day of the month and withdrawn on the date of payment of dividends.</li> </ol>
VI. Overdue Capital Increase/Split/Ex-Rights of Stock (For Stock Subscription Warrants and Rights to Receive Stock Through Stock Splits)	<ol style="list-style-type: none"> <li>1. Accept certificates of deposits for various rights.</li> <li>2. Accept new shares in exchange for certificates of deposit on the date new shares are issued and onward.</li> <li>3. Processing on the date of ex-rights shall not be revoked.</li> <li>4. Shares less than one unit shall be liquidated in cash. (Sale of Fractional Shares) (The commodity portion and the loan portion are processed separately in processing sales of shares less than one unit)</li> </ol>
VII. Settlement of Accounts	<ol style="list-style-type: none"> <li>1. Accounting <ol style="list-style-type: none"> <li>(1) The Securities Loaned Account and the Loan Transaction Securities Account shall be offset through transfers.</li> <li>(2) At the start of the period, these will be returned through retransfer.</li> </ol> </li> <li>2. Account Settlement Report <ol style="list-style-type: none"> <li>(1) The number of loaned shares per issue shall be written in the remarks column of the securities statement.</li> <li>(2) For transactions with interested parties, state the total market value at the time of the loan.</li> </ol> </li> </ol>

Transaction	Account Journal	Description
1. Time of Loan	(Balance) Stock Certificates 150,000,000	100,000 shares of Issue A, holds book value of 150,000,000 @ 1,500 Yen
2. Time of Loan Agreement Execution 10/23/95 (Mon)	No account processing	Lend 30,000 shares of Stock A. (Loan Date: 10/25/94 (Wed), Repayment date: 10/26 (Thu), Daily borrowing rate: 60 sen)

Transaction	Account Journal	Description								
3. Business Day Before Date of Loan 10/24 (Tue)	10/25	Current price of Issue A: 2000 yen								
4. Date of Loan	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> (1) Securities Loaned 60,000,000 </td> <td style="width: 50%; vertical-align: top;"> Loan Transaction Securities 60,000,000 </td> </tr> <tr> <td style="vertical-align: top;"> (2) Call Loans 60,000,000 </td> <td style="vertical-align: top;"> Cash Collateral Received 60,000,000 </td> </tr> <tr> <td style="vertical-align: top;"> (3) Securities Received as Customers' Deposits for Cash Collateral Received xxx </td> <td style="vertical-align: top;"> Cash Collateral Received xxx </td> </tr> </table>	(1) Securities Loaned 60,000,000	Loan Transaction Securities 60,000,000	(2) Call Loans 60,000,000	Cash Collateral Received 60,000,000	(3) Securities Received as Customers' Deposits for Cash Collateral Received xxx	Cash Collateral Received xxx	(1) Record loan amount for loaned stock certificates - The amount to be recorded is the market value on the day before the date of loan.  (2) Record collateral - The received amount of cash collateral for loaned shares sold shall be recorded.  (3) When accepting substitute securities - The collateral price shall be recorded.		
(1) Securities Loaned 60,000,000	Loan Transaction Securities 60,000,000									
(2) Call Loans 60,000,000	Cash Collateral Received 60,000,000									
(3) Securities Received as Customers' Deposits for Cash Collateral Received xxx	Cash Collateral Received xxx									
5. Recording of Interest Expense on Share-lending Commission and Cash Collateral for Loaned Shares Sold	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">10/26</td> </tr> <tr> <td style="width: 50%; vertical-align: top;"> (1) Other Accrued Revenue 18,000 </td> <td style="width: 50%; vertical-align: top;"> Other Revenue 18,000 </td> </tr> <tr> <td style="vertical-align: top;"> (2) Interest Expense 2,794 </td> <td style="vertical-align: top;"> Accrued Interest Expenses 2,794 </td> </tr> </table>	10/26		(1) Other Accrued Revenue 18,000	Other Revenue 18,000	(2) Interest Expense 2,794	Accrued Interest Expenses 2,794	(1) Record share-lending commission - Number of lending shares x lending rate $30,000 \times 0.60 = 18,000$ (2) Recording of interest expense on cash collateral for loaned shares sold $60,000,000 \times 0.0170 \div 365 = 2,794$		
10/26										
(1) Other Accrued Revenue 18,000	Other Revenue 18,000									
(2) Interest Expense 2,794	Accrued Interest Expenses 2,794									
6. Reimbursement Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">10/26</td> </tr> <tr> <td style="width: 50%; vertical-align: top;"> (1) Loan Transaction Securities 60,000,000 </td> <td style="width: 50%; vertical-align: top;"> Securities Loaned 60,000,000 </td> </tr> <tr> <td style="vertical-align: top;"> (2) Cash Collateral Received 60,000,000 </td> <td style="vertical-align: top;"> Call Loans 60,000,000 </td> </tr> <tr> <td style="vertical-align: top;"> (3) Cash Collateral Received xxx </td> <td style="vertical-align: top;"> Securities Received as Customers' Deposits for Cash Collateral Received xxx </td> </tr> </table>	10/26		(1) Loan Transaction Securities 60,000,000	Securities Loaned 60,000,000	(2) Cash Collateral Received 60,000,000	Call Loans 60,000,000	(3) Cash Collateral Received xxx	Securities Received as Customers' Deposits for Cash Collateral Received xxx	(1) Repayment of loaned share certificates (2) Repayment of cash collateral (3) Repayment when accepting substitute securities
10/26										
(1) Loan Transaction Securities 60,000,000	Securities Loaned 60,000,000									
(2) Cash Collateral Received 60,000,000	Call Loans 60,000,000									
(3) Cash Collateral Received xxx	Securities Received as Customers' Deposits for Cash Collateral Received xxx									

Transaction	Account Journal	Description						
7. When Participating in the Share Lending Market the Following Day Onward	Repeat 2 to 6 above	i. Loaned Share Issues ii. Number of Loaned Shares iii. Market Value of Loaned Share Issues iv. Share Lending Rate v. The amount in the account journal varies daily based on interest rate on cash collateral for loaned shares sold						
8. Date of Share-Lending Commission Settlement (The clearing day falls on the last business day of a month.)	<p style="text-align: center;">10/31</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;">           (1) Call Loans  <div style="text-align: right;">18,000</div> </td> <td style="width: 5%; border-left: 1px solid black; border-right: 1px solid black;"></td> <td style="width: 45%; vertical-align: top;">           Other Accrued Revenue  <div style="text-align: right;">18,000</div> </td> </tr> <tr> <td style="vertical-align: top;">           (2) Accrued Interest Expenses  <div style="text-align: right;">2,794</div> </td> <td style="border-left: 1px solid black; border-right: 1px solid black;"></td> <td style="vertical-align: top;">           Call Loans  <div style="text-align: right;">2,794</div> </td> </tr> </table>	(1) Call Loans <div style="text-align: right;">18,000</div>		Other Accrued Revenue <div style="text-align: right;">18,000</div>	(2) Accrued Interest Expenses <div style="text-align: right;">2,794</div>		Call Loans <div style="text-align: right;">2,794</div>	(1) Receipt of share-lending commission (2) Payment of interest on cash collateral for loaned shares sold
(1) Call Loans <div style="text-align: right;">18,000</div>		Other Accrued Revenue <div style="text-align: right;">18,000</div>						
(2) Accrued Interest Expenses <div style="text-align: right;">2,794</div>		Call Loans <div style="text-align: right;">2,794</div>						
9. Overdue Lending Contracts [For Overdue Lending of Settled Share Issues (October Ex-Dividends)] Date of loan: 10/31 Repayment date: 11/1 Correction of Dividends	<p style="text-align: center;">10/31</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;">           (1) Dividend Income  <div style="text-align: right;">150,000</div> </td> <td style="width: 5%; border-left: 1px solid black; border-right: 1px solid black;"></td> <td style="width: 45%; vertical-align: top;">           Accrued Dividends            Receivable  <div style="text-align: right;">150,000</div> </td> </tr> <tr> <td style="vertical-align: top;">           (2) Other Accrued Revenue  <div style="text-align: right;">150,000</div> </td> <td style="border-left: 1px solid black; border-right: 1px solid black;"></td> <td style="vertical-align: top;">           Other Revenue  <div style="text-align: right;">150,000</div> </td> </tr> </table>	(1) Dividend Income <div style="text-align: right;">150,000</div>		Accrued Dividends Receivable <div style="text-align: right;">150,000</div>	(2) Other Accrued Revenue <div style="text-align: right;">150,000</div>		Other Revenue <div style="text-align: right;">150,000</div>	(1) Cancellation of accrued dividends receivable (30000 shares, estimated unit price 5 yen) $30,000 \times 5 = 150,000$  (2) An amount equivalent to dividends shall be recorded. $30,000 \times 5 = 150,000$
(1) Dividend Income <div style="text-align: right;">150,000</div>		Accrued Dividends Receivable <div style="text-align: right;">150,000</div>						
(2) Other Accrued Revenue <div style="text-align: right;">150,000</div>		Other Revenue <div style="text-align: right;">150,000</div>						

Transaction	Account Journal	Description		
<p>10. When the Amount Equivalent to Dividends is Deposited as Expected Late January, 1996</p>	<p style="text-align: center;">1/XX/96</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">(1) Call Loans  150,000</td> <td style="width: 50%; padding: 5px;">(2) Other Accrued Revenue  150,000</td> </tr> </table>	(1) Call Loans  150,000	(2) Other Accrued Revenue  150,000	<p>(1) Deposit Amount 30,000 × 5 = 150,000 (2) In (9)-(2) of the above: 150,000</p>
(1) Call Loans  150,000	(2) Other Accrued Revenue  150,000			
<p>11. When Exceeding the Lending Period (For Stock Subscription Warrants and Rights to Receive Stock Through Stock Splits)</p>	<p style="text-align: center;">No account processing</p>	<p>Receive deposit receipts for various rights from lending counterpart (JSF) on 10/31.</p>		
<p>12. Date of New Share Issue</p>	<p style="text-align: center;">No accounting (merge old and new)</p>	<p>i. Receive new shares in exchange for certificates of deposit. ii. Shares less than one unit shall be liquidated in cash. (The trust bank portion and the loaned share portion are processed separately in processing sales of shares less than one unit)</p>		
<p>13. Fund Closing Date</p>	<hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Loan Transaction Securities  xxx</td> <td style="width: 50%; padding: 5px;">Securities Loaned  xxx</td> </tr> </table>	Loan Transaction Securities  xxx	Securities Loaned  xxx	<p>* Transfers between the Securities Loaned Account and the Loan Transaction Securities Account are conducted and offset at the end of the fiscal term, then returned at the start of the following term.</p>
Loan Transaction Securities  xxx	Securities Loaned  xxx			
<p>14. Beginning of the Following Fiscal Term</p>	<hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding: 5px;">Securities Loaned  xxx</td> <td style="width: 50%; padding: 5px;">Loan Transaction Securities  xxx</td> </tr> </table>	Securities Loaned  xxx	Loan Transaction Securities  xxx	
Securities Loaned  xxx	Loan Transaction Securities  xxx			

22. Accounting for Loaned Bonds

Category	Accounting Method
I. Accounting for Loaned Bonds	<ol style="list-style-type: none"> <li>1. No new account titles prescribed in the ministry orders shall be created, and as such there is no separation of book values.</li> <li>2. Loan bonds are managed in the “Securities Loaned” and “Loan Transaction Securities” accounts.</li> <li>3. Loaned bonds are managed separately for each issue.</li> </ol>
II. Acceptance of Real Property Collateral	<ol style="list-style-type: none"> <li>1. Not accepted as trust property, but may be accepted.</li> <li>2. Substitute securities are not valuated.</li> </ol>
III. Creating New Accounts	<ol style="list-style-type: none"> <li>1. Loaned Bonds Account               <ul style="list-style-type: none"> <li>Asset Account.....Securities Loaned</li> <li>Liability Account.....Loan Transaction Securities</li> </ul> <ol style="list-style-type: none"> <li>(1) The face value amount of the loan shall be recorded.</li> <li>(2) To be recorded on the date the loan was made and to be withdrawn on the return date.</li> <li>(3) Offset through an account transfer on the closing date and transfer back at the beginning of the following fiscal term.</li> </ol> </li> <li>2. Account for Collateral Received               <ul style="list-style-type: none"> <li>Asset Account.....Securities Received as Customers’ Deposits for Cash Collateral Received</li> <li>Liability Account.....Cash Collateral Received</li> </ul> <ol style="list-style-type: none"> <li>(1) The collateral price shall be recorded.</li> <li>(2) To be recorded on the date the loan was made and to be withdrawn on the return date.</li> </ol> </li> <li>3. Interest Expense Account               <ul style="list-style-type: none"> <li>Liability Account.....Accrued Interest Expenses</li> <li>Loss Account.....Interest expense</li> </ul> <ol style="list-style-type: none"> <li>(1) The interest expense for cash collateral shall be recorded daily.</li> <li>(2) To be recorded on the date of the loan and to be withdrawn on the payment date.</li> <li>(3) Interest expense shall be treated as negative income gain.</li> </ol> </li> </ol>
IV. Share-Lending Commission	<ol style="list-style-type: none"> <li>1. Accounts to Be Recorded               <ul style="list-style-type: none"> <li>Asset Account.....Other Accrued Revenue</li> <li>Profit Account .....Other Revenue</li> </ul> </li> <li>2. To be recorded daily starting on the date of the loan and to be withdrawn on the payment date.</li> <li>3. Bond-lending commission shall be treated as income gain.</li> </ol>

Category	Accounting Method
V. Recording of Accrued Interest Income	1. Loaned portions and non-loaned portions shall not be recorded separately. 2. When an amount equivalent to interest after taxes is deposited in a loan that has an interest payment date during the loan period, the amount equivalent to the tax shall be cancelled from interest income.
VI. Settlement of Accounts	1. Accounting (1) The Securities Loaned Account and the Loan Transaction Securities Account shall be offset through transfers. (2) At the start of the period, these will be returned through retransfer. 2. Account Settlement Report (1) The face value of the loan per issue shall be written in the remarks column of the securities statement. (2) For transactions with interested parties, the total lending amount shall be stated. (Monthly Report to Investment Trust Association)

Transaction	Account Journal	Description
1. Time of Loan	(Balance) National Government Bond Securities 10,150,000,000	#156 Face value of Japanese Government Bond Securities: 10,000,000,000, book value of 101.50 held (Date of interest payment: 3/9/20, Rate of interest: 4.2%)
2. Time of Loan Agreement Execution	No account processing	Loan of 3 billion yen at face value. (Date of loan: 1/18/94, Repayment date: 1/25, Bond-lending commission: 0.0025)
3. Date of Loan	(Transfer) 1/18 (1) Securities Loaned (Assets) 3,000,000,000 Loan Transaction Securities (Liabilities) 3,000,000,000	(1) Recording of Loan Bonds - The amount to be recorded shall be the face value of the loan.
4. Acceptance of Collateral	(1) Call Loans xxx Cash Collateral Received (Liabilities) xxx (2) Securities Received as Customers' Deposits for Cash Collateral Received (Assets) xxx Cash Collateral Received (Liabilities) xxx	(1) Acceptance of cash collateral (2) Acceptance of substitute securities



Transaction	Account Journal	Description																								
5. During the Loan Period	<p>(Transfer) 1/19 - 1/24</p> <hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">(1) Accrued Interest Income</td> <td style="width: 50%;">Interest Income</td> </tr> <tr> <td style="text-align: right;">1,150,684</td> <td style="text-align: right;">1,150,684</td> </tr> <tr> <td>(2) Other Accrued Revenue</td> <td>Other Revenue</td> </tr> <tr> <td style="text-align: right;">20,547</td> <td style="text-align: right;">20,547</td> </tr> <tr> <td>(3) Interest Expense</td> <td>Accrued Interest Expenses</td> </tr> <tr> <td style="text-align: right;">xxx</td> <td style="text-align: right;">xxx</td> </tr> </table> <p>(Transfer) 1/25</p> <hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">(1) Loan Transaction Securities</td> <td style="width: 50%;">Securities Loaned</td> </tr> <tr> <td style="text-align: right;">3,000,000,000</td> <td style="text-align: right;">3,000,000,000</td> </tr> <tr> <td>(2) Call Loans</td> <td>Other Accrued Revenue</td> </tr> <tr> <td style="text-align: right;">143,835</td> <td style="text-align: right;">123,282</td> </tr> <tr> <td></td> <td>Other Revenue</td> </tr> <tr> <td></td> <td style="text-align: right;">20,553</td> </tr> </table>	(1) Accrued Interest Income	Interest Income	1,150,684	1,150,684	(2) Other Accrued Revenue	Other Revenue	20,547	20,547	(3) Interest Expense	Accrued Interest Expenses	xxx	xxx	(1) Loan Transaction Securities	Securities Loaned	3,000,000,000	3,000,000,000	(2) Call Loans	Other Accrued Revenue	143,835	123,282		Other Revenue		20,553	<p>(1) Recording of the amount equivalent to interest on loaned bonds  - Loaned portions and non-loaned portions shall not be recorded separately.  <math>10,000,000,000 \times 0.042 \div 365 = 1,150,684</math></p> <p>(2) Recording of bond-lending commission  - Face value of loan x bond-lending commission rate x loan period  - Bond-lending commission shall be recorded daily.  <math>3,000,000,000 \times 0.25 \div 365 = 20,547</math></p> <p>(3) Recording of interest expenses for cash collateral  - Interest expense shall be recorded daily.</p>
(1) Accrued Interest Income	Interest Income																									
1,150,684	1,150,684																									
(2) Other Accrued Revenue	Other Revenue																									
20,547	20,547																									
(3) Interest Expense	Accrued Interest Expenses																									
xxx	xxx																									
(1) Loan Transaction Securities	Securities Loaned																									
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6. Reimbursement Date	<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">(1) Cash Collateral Received</td> <td style="width: 50%;">Call Loans</td> </tr> <tr> <td style="text-align: right;">xxx</td> <td style="text-align: right;">xxx</td> </tr> <tr> <td>(2) Accrued Interest Expenses</td> <td>Securities Received as Customers' Deposits for Cash</td> </tr> <tr> <td style="text-align: right;">xxx</td> <td style="text-align: right;">Collateral Received</td> </tr> <tr> <td>Interest expense</td> <td style="text-align: right;">xxx</td> </tr> <tr> <td style="text-align: right;">xxx</td> <td style="text-align: right;">Call Loans</td> </tr> <tr> <td style="text-align: right;">xxx</td> <td style="text-align: right;">xxx</td> </tr> </table>	(1) Cash Collateral Received	Call Loans	xxx	xxx	(2) Accrued Interest Expenses	Securities Received as Customers' Deposits for Cash	xxx	Collateral Received	Interest expense	xxx	xxx	Call Loans	xxx	xxx	<p>(1) Repayment of Loaned Bonds</p> <p>(2) Acceptance of bond-lending commission (deposit date)  <math>3,000,000,000 \times 0.0025 \times 7 \div 365 = 143,835...</math> Amount received  <math>20,547 \times 6 = 123,282...</math> Amount deducted from accounts receivable  <math>143,835 - 123,282 = 20,553 ...</math> Amount recorded on final date</p>										
(1) Cash Collateral Received	Call Loans																									
xxx	xxx																									
(2) Accrued Interest Expenses	Securities Received as Customers' Deposits for Cash																									
xxx	Collateral Received																									
Interest expense	xxx																									
xxx	Call Loans																									
xxx	xxx																									
7. Repayment of Collateral	<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Loan Transaction Securities</td> <td style="width: 50%;">Securities Loaned</td> </tr> <tr> <td style="text-align: right;">3,000,000,000</td> <td style="text-align: right;">3,000,000,000</td> </tr> </table>	Loan Transaction Securities	Securities Loaned	3,000,000,000	3,000,000,000	<p>(1) Repayment of Collateral</p> <p>(2) Payment of Accrued Interest Expenses (Payment Date)</p>																				
Loan Transaction Securities	Securities Loaned																									
3,000,000,000	3,000,000,000																									
8. Closing Date	<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Securities Loaned</td> <td style="width: 50%;">Loan Transaction Securities</td> </tr> <tr> <td style="text-align: right;">3,000,000,000</td> <td style="text-align: right;">3,000,000,000</td> </tr> </table>	Securities Loaned	Loan Transaction Securities	3,000,000,000	3,000,000,000	<p>* Transfers between the Securities Loaned Account and the Loan Transaction Securities Account are conducted and offset at the end of the fiscal term, then returned at the start of the following term.</p>																				
Securities Loaned	Loan Transaction Securities																									
3,000,000,000	3,000,000,000																									
9. Beginning of the Following	<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Securities Loaned</td> <td style="width: 50%;">Loan Transaction Securities</td> </tr> <tr> <td style="text-align: right;">3,000,000,000</td> <td style="text-align: right;">3,000,000,000</td> </tr> </table>	Securities Loaned	Loan Transaction Securities	3,000,000,000	3,000,000,000																					
Securities Loaned	Loan Transaction Securities																									
3,000,000,000	3,000,000,000																									

23. Accounting for Borrowed Bonds

Category	Accounting Method
I. Accounting for Borrowed Bonds	<ol style="list-style-type: none"> <li>1. Borrowed Bond Account                      Asset Account.....Borrowing Trade Securities                      Liability Account.....Securities Borrowed                      The loan amount shall be recorded.</li> <li>2. Corporate bonds shall be managed separately for each issue.</li> </ol>
II. Recording of Income Related to Cash Collateral	<ol style="list-style-type: none"> <li>1. Accounts to Be Recorded                      Asset Account.....Other Accrued Revenue                      Profit Account .....Other Revenue                      Revenue related to cash collateral shall be recorded.</li> </ol>
III. Recording Bond-Borrowing Commission	<p>Accounts to Be Recorded</p> <p>Liability Account.....Other Accrued Expenses                      Loss Account.....Other Expenses</p>
IV. Recording of Accrued Interest Income on Borrowed Bonds	<ol style="list-style-type: none"> <li>1. Accrued interest income on borrowed bonds shall not be recorded.</li> <li>2. When interest is deposited for borrowing that has an interest payment date during the loan period, it shall be paid to the lender.</li> </ol>

Account Journal for Borrowed Bonds

Transaction	Account Journal		Description
1. Date of Conclusion of Loan Agreement	No account processing		Loan date: August 24, Repayment date: August 30 Loan face value: 100 million yen Loan unit price: 93.75 yen Loan amount: 93,750,000 yen Loan rate: 0.18% per annum Interest rate on security deposit: 0.50% per annum
2. Loan Issue Date	8/24		
	Borrowing Trade Securities 93,750,000	Securities Borrowed 93,750,000	
	Guarantee Deposits 93,750,000	Call Loans 93,750,000	
3. Bond-Borrowing Commission During Loan Period	8/25 - 8/30		
Interest accrued on cash collateral	Other Expenses 493	Other Accrued Expenses 493	100,000,000 yen x 0.18% x 1 ÷ 365
	Other Accrued Revenue 1,284	Other Revenue 1,284	93,750,000 yen x 0.50% x 1 ÷ 365

Transaction	Account Journal		Description									
4. Reimbursement Date	<p style="text-align: center;">8/30</p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">           Securities Borrowed                              93,750,000         </td> <td style="width: 50%;">           Borrowing Trade            Securities   93,750,000         </td> </tr> <tr> <td style="border-right: 1px solid black;">           Other Accrued Expenses                              2,958         </td> <td style="border-right: 1px solid black;">           Call Loans              2,958         </td> </tr> <tr> <td style="border-right: 1px solid black;">           Call Loans                              93,757,704         </td> <td style="border-right: 1px solid black;">           Guarantee Deposits              93,750,000         </td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="border-right: 1px solid black;"></td> <td style="border-right: 1px solid black;">           Other Accrued Revenue              7,704         </td> </tr> </table>		Securities Borrowed 93,750,000	Borrowing Trade Securities   93,750,000	Other Accrued Expenses 2,958	Call Loans 2,958	Call Loans 93,757,704	Guarantee Deposits 93,750,000			Other Accrued Revenue 7,704	
Securities Borrowed 93,750,000	Borrowing Trade Securities   93,750,000											
Other Accrued Expenses 2,958	Call Loans 2,958											
Call Loans 93,757,704	Guarantee Deposits 93,750,000											
		Other Accrued Revenue 7,704										
5. Closing Date	<hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">           Securities Borrowed                              93,750,000         </td> <td style="width: 50%;">           Borrowing Trade            Securities   93,750,000         </td> </tr> </table>		Securities Borrowed 93,750,000	Borrowing Trade Securities   93,750,000	<p>* Transfers between securities borrowed and borrowing trade securities are performed and offset at the end of the fiscal term, then returned at the start of the following term.</p>							
Securities Borrowed 93,750,000	Borrowing Trade Securities   93,750,000											
6. Start of Following Fiscal Year	<hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">           Borrowing Trade            Securities   93,750,000         </td> <td style="width: 50%;">           Securities Borrowed              93,750,000         </td> </tr> </table>		Borrowing Trade Securities   93,750,000	Securities Borrowed 93,750,000								
Borrowing Trade Securities   93,750,000	Securities Borrowed 93,750,000											





[Journal Entry Example]

Transaction	Account Journal		Description																	
[Interest Rate Swap]	(Yen - Yen)																			
1. Date of Conclusion of Transaction	<table border="1"> <tr> <td data-bbox="510 277 815 336">(1) Notional Principal Receivable Assets</td> <td data-bbox="815 277 1120 336">Corresponding Account of Notional Principal Receivable</td> </tr> <tr> <td data-bbox="510 341 815 400">(2) Corresponding Account of Notional Principal Payable Liability</td> <td data-bbox="815 341 1120 400">Assets Notional Principal Payable Liability</td> </tr> </table>		(1) Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable	(2) Corresponding Account of Notional Principal Payable Liability	Assets Notional Principal Payable Liability	<p>* Recording of the notional principal amount to be used for the interest rate swap</p> <table border="1"> <tr> <td data-bbox="1120 277 1675 309">(1) Notional Principal Amount for Receipt of Interest</td> </tr> <tr> <td data-bbox="1120 314 1675 346">(2) Notional Principal Amount for Payment of Interest</td> </tr> </table>	(1) Notional Principal Amount for Receipt of Interest	(2) Notional Principal Amount for Payment of Interest											
(1) Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable																			
(2) Corresponding Account of Notional Principal Payable Liability	Assets Notional Principal Payable Liability																			
(1) Notional Principal Amount for Receipt of Interest																				
(2) Notional Principal Amount for Payment of Interest																				
2. During Interest-recording Period	<table border="1"> <tr> <td data-bbox="510 464 815 496">(1) Accrued Interest Income</td> <td data-bbox="815 464 1120 496">Interest Income</td> </tr> <tr> <td data-bbox="510 501 815 523">(2) Interest Expense</td> <td data-bbox="815 501 1120 523">Accrued Interest Expenses</td> </tr> </table>		(1) Accrued Interest Income	Interest Income	(2) Interest Expense	Accrued Interest Expenses	<table border="1"> <tr> <td data-bbox="1120 464 1675 496">(1) Recording of Interest Income on swap transactions</td> </tr> <tr> <td data-bbox="1120 501 1675 523">(2) Recording of interest expenses on swap transactions</td> </tr> </table>	(1) Recording of Interest Income on swap transactions	(2) Recording of interest expenses on swap transactions											
(1) Accrued Interest Income	Interest Income																			
(2) Interest Expense	Accrued Interest Expenses																			
(1) Recording of Interest Income on swap transactions																				
(2) Recording of interest expenses on swap transactions																				
3. Interest Settlement Date (Interest Payment Date)	<table border="1"> <tr> <td data-bbox="510 560 815 592">(1) Call Loans</td> <td data-bbox="815 560 1120 592">Accrued Interest Income</td> </tr> <tr> <td data-bbox="510 596 815 619">(2) Accrued Interest Expenses</td> <td data-bbox="815 596 1120 619">Call Loans</td> </tr> </table>		(1) Call Loans	Accrued Interest Income	(2) Accrued Interest Expenses	Call Loans	<table border="1"> <tr> <td data-bbox="1120 560 1675 592">(1) Receipt of interest rate swap fees</td> </tr> <tr> <td data-bbox="1120 596 1675 619">(2) Payment of interest rate swap fees</td> </tr> </table>	(1) Receipt of interest rate swap fees	(2) Payment of interest rate swap fees											
(1) Call Loans	Accrued Interest Income																			
(2) Accrued Interest Expenses	Call Loans																			
(1) Receipt of interest rate swap fees																				
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4. Maturity Date	<table border="1"> <tr> <td data-bbox="510 687 815 778">(1) Corresponding Account of Notional Principal Receivable Assets</td> <td data-bbox="815 687 1120 778">Notional Principal Receivable Assets</td> </tr> <tr> <td data-bbox="510 783 815 842">(2) Notional Principal Payable Liability</td> <td data-bbox="815 783 1120 842">Corresponding Account of Notional Principal Payable Liability</td> </tr> <tr> <td data-bbox="510 847 815 879">(3) Call Loans</td> <td data-bbox="815 847 1120 879">Accrued Interest Income</td> </tr> <tr> <td data-bbox="510 884 815 916">(4) Accrued Interest Expenses</td> <td data-bbox="815 884 1120 916">Interest Income</td> </tr> <tr> <td data-bbox="510 920 815 979">(4) Accrued Interest Expenses Interest Expenses</td> <td data-bbox="815 920 1120 979">Call Loans</td> </tr> <tr> <td data-bbox="510 984 815 1038">(5) Losses on Futures Transactions, etc.</td> <td data-bbox="815 984 1120 1038">Gains on Futures Transactions, etc.</td> </tr> </table>		(1) Corresponding Account of Notional Principal Receivable Assets	Notional Principal Receivable Assets	(2) Notional Principal Payable Liability	Corresponding Account of Notional Principal Payable Liability	(3) Call Loans	Accrued Interest Income	(4) Accrued Interest Expenses	Interest Income	(4) Accrued Interest Expenses Interest Expenses	Call Loans	(5) Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc.	<table border="1"> <tr> <td data-bbox="1120 687 1675 719">(1) Transfer of notional principal for interest receivable</td> </tr> <tr> <td data-bbox="1120 724 1675 756">(2) Transfer of notional principal for interest payable</td> </tr> <tr> <td data-bbox="1120 761 1675 793">(3) Receipt of interest rate swap fees</td> </tr> <tr> <td data-bbox="1120 798 1675 829">(4) Payment of interest rate swap fees</td> </tr> <tr> <td data-bbox="1120 834 1675 866">(5) When any revaluation, etc. is implemented</td> </tr> </table>	(1) Transfer of notional principal for interest receivable	(2) Transfer of notional principal for interest payable	(3) Receipt of interest rate swap fees	(4) Payment of interest rate swap fees	(5) When any revaluation, etc. is implemented
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Corresponding Account of Notional Principal Receivable Assets	Notional Principal Receivable Assets																			
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Accounts Receivable																				
Or Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc.																			
	Accounts Payable																			

Transaction	Account Journal		Description
(2) Delivery Date	Call Loans Or Accounts Payable Call Loans  Accrued Interest Expenses Interest Expenses	Accounts Receivable Call Loans Accrued Interest Income Interest Income Call Loans	
6. Valuation	Gain or Loss on Valuation of Futures Transactions (off-book account)		<p>The “Corresponding Account of Notional Principal Receivable Assets” and the “Account of the Notional Principal Payable Liability” shall be valued respectively, and the total amount of the valuation gains or losses thereof shall be added to the total amount of Net Assets as the “Gain or Loss on Valuation of Futures Transactions etc.”</p> <p>However, if the market value obtained at the time of valuation is based on the difference between the present value of the Receivable Swap Interest and the Payable Swap Interest, the amount obtained by deducting the Recorded Accrued Interest Income on the Receivable Swap Interest and the Recorded Accrued Interest Expenses on the Payable Swap Interest shall be used as the market value, and either the “The Notional Principal Receivable Assets” or the “Notional Principal Payable Liability” shall be added to or deducted from such market value.</p>
7. Revaluation of Accounts for Settlement (Open Type)	Notional Principal Receivable Assets Or Losses on Futures Transactions, etc. Notional Principal Payable Liability Or Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc. Notional Principal Receivable Assets Gains on Futures Transactions, etc. Notional Principal Payable Liability	



[Currency Swap] Without Principal Exchange

Swap Interest: Receipt in Yen, Payment in Foreign Currency

Transaction	Japanese Yen Denominated Account Journals		Foreign Currency Denominated Account Journals	
1. Date of Conclusion of Transaction	Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable Assets	Corresponding Account of Notional Principal Payable Liability	Notional Principal Payable Liability
2. During Interest-recording Period	Accrued Interest Income	Interest Income	Interest Expenses	Accrued interest expenses
3. Interest Settlement Date (Interest Payment Date)	Call Loans	Accrued Interest Income	Accrued interest expenses	Deposit
4. Maturity Date	Corresponding Account of Notional Principal Receivable Assets Call Loans Losses on Futures Transactions, etc.	Notional Principal Receivable Assets Accrued Interest Income Gains on Futures Transactions, etc. Interest Income	Notional Principal Payable Liability Accrued interest expenses Losses on Futures Transactions, etc. Interest expenses	Corresponding Account of Notional Principal Payable Liability Deposit Gains on Futures Transactions, etc.
5. Interim Settlement (1) Agreement	Corresponding Account of Notional Principal Receivable Assets Accounts Receivable Or Losses on Futures Transactions, etc.	Notional Principal Receivable Assets Gains on Futures Transactions, etc. Accounts Payable	Notional Principal Payable Liability Accounts Receivable Or Losses on Futures Transactions, etc.	Corresponding Account of Notional Principal Payable Liability Gains on Futures Transactions, etc. Accounts Payable
(2) Delivery Date	Call Loans Or Accounts Payable Call Loans	Accounts Receivable Call Loans Accrued Interest Income Interest Income	Deposit Or Accounts Payable Accrued interest expenses Interest Expenses	Accounts Receivable Deposit Deposit

Transaction	Japanese Yen Denominated Account Journals		Foreign Currency Denominated Account Journals	
6. Valuation	Gain or Loss on Valuation of Futures Transactions (off-book account)		Gain or Loss on Valuation of Futures Transactions etc. (off-book account)	
7. Revaluation on the Settlement (Open Type)	Notional Principal Receivable Assets Or Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc. Notional Principal Receivable Assets	Notional Principal Payable Liability Or Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc. Notional Principal Payable Liability

[Currency Swap] In case of exchange of principle (exchange at the start and re-exchange at the end)

Swap Interest: Receipt in Yen, Payment in Foreign Currency

Transaction	Japanese Yen Denominated Account Journals		Foreign Currency Denominated Account Journals	
1. Date of Conclusion of Transaction	Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable Assets	Corresponding Account of Notional Principal Payable Liability	Notional Principal Payable Liability
2. Principal Exchange Date Payment in Yen, Receipt in Foreign Currency	Corresponding Account of Notional Principal Receivable Assets	Call Loans	Deposit	Corresponding Account of Notional Principal Payable Liability
3. Maturity Date Payment in Foreign Currency - Receipt in Yen	Call Loans Call Loans	Notional Principal Receivable Assets Accrued Interest Income	Notional Principal Payable Liability Accrued interest expenses	Deposit Deposit
4. Recording of Interest, Settlement of Interest, Interim Settlement, Valuation, Maturity Termination Date, etc. shall be handled in the same manner as when the principal is not exchanged.				

[Currency swap] In case of exchange of principal (exchange at the start or at the end)

Swap Interest: Receipt in Yen, Payment in Foreign Currency

Transaction	Japanese Yen Denominated Account Journals		Foreign Currency Denominated Account Journals	
1. Date of Conclusion of Transaction	Notional Principal Receivable		Corresponding Account of Notional Principal Payable Liability	
2. Principal Exchange Date	Assets		Principal Payable Liability	
(1) Payment in Yen - Receipt in Foreign Currency				
(2) Payment in Foreign Currency - Receipt in Yen	Foreign Investment Accounts	Call Loans ∴ Equivalent to current remittance processing. The remittance rate shall be the exchange.	Deposit	Foreign Currency Funds
	Call Loans Loss account	Foreign Investment Accounts Profit account	Foreign Currency Funds Profit account	Deposit Loss account
	∴ Equivalent to current collection treatment (Remittance rate shall be the exchange rate.)			
3. Recording of Interest, Settlement of Interest, Interim Settlement, Valuation, Maturity Termination Date, etc. shall be handled in the same manner as when the principal is not exchanged.				

Swap Interest.... Receipt in the currency in which the base value is displayed (hereinafter referred to as “the relevant currency”) and payment in a currency other than the currency in which the base value is displayed (hereinafter referred to as “foreign currency”)

Transaction	Relevant Currency-denominated Account		Foreign Currency Denominated Account Journals	
1. Date of Conclusion of Transaction	Notional Principal Receivable		Corresponding Account of Notional Principal Payable Liability	
2. Principal Exchange Date	Assets		Principal Payable Liability	
(1) Payment in Relevant Currency - Receipt in Foreign Currency				
(2) Payment in foreign currency - Receipt in Relevant Currency	Foreign Investment Accounts	Deposit ∴ Equivalent to current remittance processing. (The remittance rate shall be the exchange rate)	Deposit or Call Loan	Foreign Currency Funds
	Deposit Loss account	Foreign Investment Accounts Profit account	Foreign Currency Funds Profit account	Deposit or Call Loan Loss account
	∴ Equivalent to current collection treatment (Remittance rate shall be the exchange rate.)			
3. Recording of Interest, Settlement of Interest, Interim Settlement, Valuation, Maturity Termination Date, etc. shall be handled in the same manner as when the principal is not exchanged.				

[Credit Default Swap]

Transaction	Account Journal	Formula	Remarks								
1. Date of Conclusion of Contract	<p style="text-align: center;">2006/7/10</p> <p>(Buyer)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Corresponding Account of Notional Principal Payable Liability</td> <td style="width: 50%; padding: 2px;">Notional Principal Payable Liability</td> </tr> <tr> <td style="text-align: right; padding: 2px;">2,000,000,000</td> <td style="text-align: right; padding: 2px;">2,000,000,000</td> </tr> </table> <p>(Seller)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Notional Principal Receivable Assets</td> <td style="width: 50%; padding: 2px;">Corresponding Account of Notional Principal Receivable Assets</td> </tr> <tr> <td style="text-align: right; padding: 2px;">2,000,000,000</td> <td style="text-align: right; padding: 2px;">2,000,000,000</td> </tr> </table>	Corresponding Account of Notional Principal Payable Liability	Notional Principal Payable Liability	2,000,000,000	2,000,000,000	Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable Assets	2,000,000,000	2,000,000,000		<p>* CDS Transaction on July 10 (Commencement Date: July 11)</p> <ul style="list-style-type: none"> <li>- Notional principal: 2,000,000,000 yen (term: 5 years)</li> <li>- Premium: 30 bps (4 times of interest payment per year)</li> <li>- Interest Calculation Section: ACT/360 (and ACT/365)</li> <li>- Collection rate at the time of credit event: 40% (in case of cash settlement)</li> <li>- Maturity Date 10 July, 2011</li> </ul> <p>* The principal for receipt of interest shall be the Notional Principal Receivable Assets and the principal for payment of interest shall be the Notional Principal Payable Liability</p> <p>* In the event of an up-front payment, the amount received and paid for price shall be added to or deducted from the book value, and the amount received and paid for the accrued interest shall be recorded in the account for advances received and prepaid expenses on the date of execution of each transaction contract.</p>
Corresponding Account of Notional Principal Payable Liability	Notional Principal Payable Liability										
2,000,000,000	2,000,000,000										
Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable Assets										
2,000,000,000	2,000,000,000										
2. Valuation	Gain or Loss on Valuation of Futures Transactions (off-book account)	(1) Valuation Gain or Loss (Seller) = Market value of assets received - Notional principal receivable assets (Book Value Received) (2) Valuation Gain or Loss (Buyer) = Notional Liability for Payment (Book Value for Payment) - Market Value of Liabilities Payable	<p>* Market value may be provided for net worth including interest. In such a case, only the amount equivalent to the principal shall be valued at the market value obtained by deducting the amount equivalent to accrued interest from the market value. (Preparation of Example where Market Value is Provided in Amount Including Interest)</p> <p>* The amount equivalent to accrued interest shall not be included in the market value, but only the amount equivalent to the principal shall be valued. Separately recorded as Accrued Interest Income and Accrued Interest Expenses.</p>								
3. Commencement Date of Transaction (Commencement Date) (Delivery Date)	<p style="text-align: center;">2006/7/11</p> <p>(Buyer)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Securities Received as Customers' Deposits for Cash Collateral Received</td> <td style="width: 50%; padding: 2px;">Cash Collateral Received</td> </tr> <tr> <td style="text-align: right; padding: 2px;">2,000,000,000</td> <td style="text-align: right; padding: 2px;">2,000,000,000</td> </tr> </table> <p>(Seller)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Customers' Margin Deposits</td> <td style="width: 50%; padding: 2px;">Securities received as customers' deposits for customers' margin:</td> </tr> <tr> <td style="text-align: right; padding: 2px;">2,000,000,000</td> <td style="text-align: right; padding: 2px;">2,000,000,000</td> </tr> </table>	Securities Received as Customers' Deposits for Cash Collateral Received	Cash Collateral Received	2,000,000,000	2,000,000,000	Customers' Margin Deposits	Securities received as customers' deposits for customers' margin:	2,000,000,000	2,000,000,000		<p>* Acceptance or non-acceptance of collateral from Seller shall be determined by agreement.</p> <p>* Government bonds are deposited as customer margin.</p> <p>* Necessity, unnecessary and frequency of mark-to-market revaluation shall be determined by agreement.</p> <p>* Interest is paid to the trust property from the other party.</p>
Securities Received as Customers' Deposits for Cash Collateral Received	Cash Collateral Received										
2,000,000,000	2,000,000,000										
Customers' Margin Deposits	Securities received as customers' deposits for customers' margin:										
2,000,000,000	2,000,000,000										

<p>4. Recording of interest</p>	<p style="text-align: center;">From 2006/7/11</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: left; border-bottom: 1px solid black;">(Buyer)</td> </tr> <tr> <td style="width: 50%;">Interest Expenses</td> <td style="width: 50%; text-align: right;">Accrued interest expenses</td> </tr> <tr> <td style="text-align: right;">16,666</td> <td style="text-align: right;">16,666</td> </tr> <tr> <td colspan="2" style="text-align: left; border-bottom: 1px solid black;">(Seller)</td> </tr> <tr> <td style="width: 50%;">Accrued Interest Income</td> <td style="width: 50%; text-align: right;">Interest Income</td> </tr> <tr> <td style="text-align: right;">16,666</td> <td style="text-align: right;">16,666</td> </tr> </table>	(Buyer)		Interest Expenses	Accrued interest expenses	16,666	16,666	(Seller)		Accrued Interest Income	Interest Income	16,666	16,666	<p>(1) Unit price for accrued interest and accrued interest expenses  = Premium (%) ÷ 360  (Rounded down to seven decimal places)  = 0.3 ÷ 360 ÷ 0.0008333</p> <p>(2) Accrued Interest Expenses Per Day  = Accrued interest expenses unit price x Corresponding account of notional principal payable liability ÷ 100  = 0.0008333 x 2,000,000,000 ÷ 100  =16,666</p> <p>(3) Accrued Interest Income Per Day  = Accrued interest income unit price x Corresponding Account of Notional Principal Receivable Assets ÷ 100</p>	<p>* The time and period for recording shall be in accordance with the agreement, etc.</p>						
(Buyer)																					
Interest Expenses	Accrued interest expenses																				
16,666	16,666																				
(Seller)																					
Accrued Interest Income	Interest Income																				
16,666	16,666																				
<p>5. Interest Payment Date  (Interest Receipt and Payment Date)  If the encashment is on the Interest Payment Date:</p>	<p style="text-align: center;">2006/10/11</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: left; border-bottom: 1px solid black;">(Buyer)</td> </tr> <tr> <td style="width: 50%;">(Recorded) Accrued Interest Expenses</td> <td style="width: 50%; text-align: right;">Money Trust</td> </tr> <tr> <td style="text-align: right;">1,516,606</td> <td style="text-align: right;">1,533,332</td> </tr> <tr> <td style="text-align: right;">16,726</td> <td></td> </tr> <tr> <td colspan="2" style="text-align: left; border-bottom: 1px solid black;">(Seller)</td> </tr> <tr> <td style="width: 50%;">Money Trust</td> <td style="width: 50%; text-align: right;">(Recorded) Accrued Interest Income</td> </tr> <tr> <td style="text-align: right;">1,533,332</td> <td style="text-align: right;">1,516,606</td> </tr> <tr> <td></td> <td style="text-align: right;">Interest Income</td> </tr> <tr> <td></td> <td style="text-align: right;">16,726</td> </tr> </table>	(Buyer)		(Recorded) Accrued Interest Expenses	Money Trust	1,516,606	1,533,332	16,726		(Seller)		Money Trust	(Recorded) Accrued Interest Income	1,533,332	1,516,606		Interest Income		16,726	<p>(1) Ratio of elapsed days (assuming fixed interest rate)  = Premium (%) ÷ Number of times of payment of interest  (Rounded down to seven decimal places)  = 0.3 x 92 days (elapsed days) ÷ 360 days  ≐ 0.0766666</p> <p>(2) Interest Expenses  = Ratio of elapsed days x Corresponding account of notional principal payable liability ÷ 100  = 0.0766666 x 2,000,000,000 ÷ 100  = 1,533,332</p> <p>(3) Adjusted Amount = 1,533,332 - 16,666 x 91 days = 16,726</p> <p>(4) Interest Income  = Ratio of elapsed days x Corresponding account of notional principal receivable assets ÷ 100</p>	<p>* In principle, the number of days elapsed shall be calculated on one end from the previous interest payment date to the current interest payment date, and whether the calculation is based on the actual number of days or on 30 days depends on the “calculation category” of each transaction (specified in the instructions at the time of execution).</p> <p>* “Number of days per year” for calculating the ratio of elapsed days of interest shall be in accordance with “calculation category” (specified in the instructions at the time of execution) for 365 days, 360 days, etc.</p>
(Buyer)																					
(Recorded) Accrued Interest Expenses	Money Trust																				
1,516,606	1,533,332																				
16,726																					
(Seller)																					
Money Trust	(Recorded) Accrued Interest Income																				
1,533,332	1,516,606																				
	Interest Income																				
	16,726																				

6. Partial Cancellation (Contract Date)  When the amount of assets and liabilities before cancellation is the same (No settlement of accounts during the period)	2006/11/8		<p>(1) (Withdrawal upon cancellation) Notional Principal Payable Liability = Notional Principal Payable Liability Before Cancellation x Notional Principal Equivalent to Payment Liability on Cancellation (Principal Portion) ÷ Corresponding Account of Notional Principal Payable Liability Before Cancellation = 2,000,000,000 x 1,000,000,000 ÷ 2,000,000,000 = 1,000,000,000 (Realized in one formula. Amounts less than Yen to be rounded down (The same shall apply to the notional principle receivable assets))</p> <p>(2) Gains on Futures Transactions = Net Amount Received + Amount of Interest Expenses</p> <p>(3) (Withdrawal upon cancellation) The Notional Principal Receivable Assets = The Notional Principal Receivable Assets before cancellation x Notional Principal equivalent to Receivable Assets on Cancellation (principal portion) ÷ The Corresponding Account of Notional Principal Receivable Assets before cancellation</p> <p>(4) Losses on Futures Transactions, etc. = Amount of Net Payment + Amount of Interest Income</p>	<p>* Status at the time of cancellation</p> <ul style="list-style-type: none"> <li>- Cancellation of the amount equivalent to 1,000,000,000 yen out of the notional principal of 2,000,000,000 yen.</li> <li>- The cancellation amount is the amount equivalent to the principal and the Seller's net payment amount is 4,750,000 yen</li> <li>- The receivable amount equivalent to accrued interest is 250,000 yen (date of delivery: November 10).</li> </ul> <p>* Accrued interest income and expenses shall be recorded in the balance of the principal before cancellation until the day before the delivery date of partial cancellation.</p>		
	(Buyer)					
	(Withdrawal upon cancellation) Notional Principal Payable Liability	1,000,000,000			Corresponding Account of Notional Principal Payable Liability	1,000,000,000
	Accounts Receivable	5,000,000			Gains on Futures Transactions, etc.	5,000,000
	(Seller)					
Corresponding Account of Notional Principal Receivable Assets	1,000,000,000	(Withdrawal upon cancellation) Notional Principal Receivable Assets	1,000,000,000			
Losses on Futures Transactions, etc.	5,000,000	Accounts Payable	5,000,000			

7. Partial Cancellation (Delivery Date)  When the amount of assets and liabilities before cancellation is the same (No settlement of accounts during the period)	2006/11/10			
	(Buyer)			
	<u>Principal Equivalent</u>			
	Money Trust	5,000,000	Accounts Receivable	5,000,000
	<u>The amount equivalent to accrued interest (interest expenses)</u>			
	(Withdrawal) Accrued Interest Expenses	241,657	Money Trust	250,000
	(Adjusted) Interest expenses	8,343		
	Cash Collateral Received	1,000,000,000	Securities Received as Customers' Deposits for Cash Collateral Received	1,000,000,000
	(Seller)			
	<u>Principal Equivalent</u>			
Accounts Payable	5,000,000	Money Trust	5,000,000	
<u>The amount equivalent to accrued interest (interest expenses)</u>				
Money Trust	250,000	(Withdrawn) Accrued interest income	241,657	
		(Adjusted) Interest income	8,343	
Securities Received as Customers' Deposits for Customers' Margin	1,000,000,000	Customers' Margin Deposits	1,000,000,000	

(1) Accrued Interest Expenses Paid  
Money Trust = Accrued Interest Expenses Paid  
Withdrawn Accrued Interest Expenses = Recorded Accrued Interest Expenses  
Adjusted Interest Expenses = Accrued Interest Expenses Paid  
- Withdrawn Accrued Interest Expenses

(2) Accrued interest income received  
Money Trust = Accrued Interest Income Received  
Withdrawn Accrued Interest Income = Recorded Accrued Interest Income  
Adjusted Interest Income = Accrued Interest Income Received  
- Withdrawn Accrued Interest Income

- \* The method of receiving and paying the equivalent amount to accrued interest shall be in principle the same as the current bond method (partial sale).
- \* Accrued interest income and expenses on the principal balance after cancellation is recorded as usual.
- \* The principal amount and interest rate related accounts journals are shown separately, but in fact they are settled for funds collectively.
- \* Return of government bonds as received cash collateral.

\* Return of government bonds as customers' margin deposits.

8. Occurrence of Credit Event (Settlement in Kind) Settlement with Deliverable Liability of Reference Company  No Settlement of Accounts for the Period (same amount of principal)	2007/1/9			
	<u>(Buyer)</u>			
	Notional Principal Payable Liability	2,000,000,000	Corresponding Account of Notional Principal Payable Liability	2,000,000,000
	<hr/>			
	Money Trust (Accounts Receivable)	2,000,000,000	General Bonds	1,900,000,000
	Loss on Securities Transactions	1,800,000,000	Gains on Futures Transactions, etc.	1,900,000,000
	<hr/>			
	Cash Collateral Received	2,000,000,000	Securities Received as Customers' Deposits for Cash Collateral Received	2,000,000,000
	<hr/>			
	<u>Equivalent to Accrued Interest (Interest Expenses) 90 days</u>			
	(Withdrawal) Accrued Interest Expenses	1,483,274	Money Trust	1,500,000
	(Adjusted) Interest expenses	16,726		
<hr/>				
<u>(Seller)</u>				
Corresponding Account of Notional Principal Receivable Assets	2,000,000,000	Notional Principal Receivable Assets	2,000,000,000	
<hr/>				
General Bonds	100,000,000	Money Trust (Accounts Payable)	2,000,000,000	
Losses on Futures Transactions, etc.	1,900,000,000			
<hr/>				
Securities Received as Customers' Deposits for Customers' Margin	2,000,000,000	Customers' Margin Deposits	2,000,000,000	
<hr/>				
<u>Accrued Interest (Interest Received) 90 days</u>				
Money Trust	1,500,000	(Withdrawn) Accrued interest income	1,483,274	
		(Adjusted) Interest income	16,726	
			16,726	
		(1) Loss on securities transactions (1,800,000,000) = book value (1,900,000,000) - Actual market price (100,000,000)		
		(2) Accrued Interest Expenses paid Money Trust = Accrued Interest Expenses Paid Withdrawn Accrued Interest Expenses = Recorded Accrued Interest Expenses Adjusted Interest Expenses = Accrued Interest Expenses Paid - Withdrawn Accrued Interest Expenses		
		(3) Accrued interest income received Money Trust = Accrued Interest Income Received Withdrawn Accrued Interest Income = Recorded Accrued Interest Income Adjusted Interest Income = Accrued Interest Income Received - Withdrawn Accrued Interest Income		
			* At the time of a credit event (CE), a journal entry for the reversal of general bonds will be made. * When the principal amount of assets and liabilities is not the same amount as a result of revaluation of settlement of accounts, "Profit and Loss on Futures Transactions, etc." will be incurred. * Loss on securities transactions at reasonable prices such as book value and market price. * If physical delivery is not possible at the time of CE, it is recorded as receivable. Journal entries for Money Trust/Account receivable and received cash collateral shall be made on the date of delivery.  * When the principal amount of assets and liabilities is not the same amount as a result of revaluation of settlement of accounts, "Profit and Loss on Futures Transactions, etc." will be incurred. * Make journal entries for the recording of general bonds at the time of CE.  * The book value of general bonds is calculated based on reasonable prices such as actual market prices. Start mark-to-market valuation from the date of recording. * If physical delivery is not possible at the time of CE, it is recorded as account payable. Journal entries for Accounts Payable / Money Trust and Customers' Margin shall be made on the date of delivery.	



9. Occurrence of Credit Event (Cash Settlement) Collection rate: 40% No Settlement of Accounts for the Period (same amount of principal)	2007/1/9		
	<u>(Buyer)</u>		
	Notional Principal Payable Liability	2,000,000,000	Corresponding Account of Notional Principal Payable Liability
			2,000,000,000
	Cash Collateral Received	2,000,000,000	Securities Received as Customers' Deposits for Cash Collateral Received
			2,000,000,000
	Money Trust (accounts receivable)	1,200,000,000	Gains on Futures Transactions, etc.
			1,200,000,000
	<u>Equivalent to Accrued Interest (Interest Expenses) 90 days</u>		
	(Withdrawal) Accrued Interest Expenses (Adjusted) Interest expenses	1,483,274 16,726	Money Trust
		1,500,000	
<u>(Seller)</u>			
Corresponding Account of Notional Principal Receivable Assets	2,000,000,000	Notional Principal Receivable Assets	
		2,000,000,000	
Securities Received as Customers' Deposits for Customers' Margin	2,000,000,000	Customers' Margin Deposits	
		2,000,000,000	
Losses on Futures Transactions, etc.	1,200,000,000	Money Trust (Accounts Payable) etc.	
		1,200,000,000	
<u>Equivalent amount to accrued interest (Interest income)</u>			
Money Trust	1,500,000	(Withdrawn) Accrued interest income (Adjusted) Interest income	
		1,483,274 16,726	
		(1) Gains on Futures Transactions, etc. = (1 - collection rate) x Notional Principal Payable Liability (principal portion)	
		(2) Accrued Interest Expenses paid Money Trust = Accrued Interest Expenses Paid Withdrawn Accrued Interest Expenses = Recorded Accrued Interest Expenses Adjusted Interest Expenses = Accrued Interest Expenses Paid - Withdrawn Accrued Interest Expenses	
		(3) Losses on Futures Transactions, etc. = (1 - collection rate) x Notional Principal Receivable Assets (principal portion)	
		(4) Accrued interest income received Money Trust = Accrued Interest Income Received Withdrawn Accrued Interest Income = Recorded Accrued Interest Income Adjusted Interest Income = Accrued Interest Income Received - Withdrawn Accrued Interest Income	

<p>10. In the event that the principal of the payable liabilities (receivable assets) at the maturity date is the same amount:</p>	<p style="text-align: center;">2011/7/9</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">(Buyer)</td> </tr> <tr> <td style="width: 50%;">Notional Principal Payable Liability</td> <td style="width: 50%;">Corresponding Account of Notional Principal Payable Liability</td> </tr> <tr> <td style="text-align: right;">2,000,000,000</td> <td style="text-align: right;">2,000,000,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash Collateral Received</td> <td style="border-top: 1px solid black;">Securities Received as Customers' Deposits for Cash Collateral Received</td> </tr> <tr> <td style="text-align: right;">2,000,000,000</td> <td style="text-align: right;">2,000,000,000</td> </tr> <tr> <td colspan="2" style="text-align: center;">(Seller)</td> </tr> <tr> <td>Corresponding Account of Notional Principal Receivable Assets</td> <td>Notional Principal Receivable Assets</td> </tr> <tr> <td style="text-align: right;">2,000,000,000</td> <td style="text-align: right;">2,000,000,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Securities Received as Customers' Deposits for Customers' Margin</td> <td style="border-top: 1px solid black;">Customers' Margin Deposits</td> </tr> <tr> <td style="text-align: right;">2,000,000,000</td> <td style="text-align: right;">2,000,000,000</td> </tr> </table>	(Buyer)		Notional Principal Payable Liability	Corresponding Account of Notional Principal Payable Liability	2,000,000,000	2,000,000,000	Cash Collateral Received	Securities Received as Customers' Deposits for Cash Collateral Received	2,000,000,000	2,000,000,000	(Seller)		Corresponding Account of Notional Principal Receivable Assets	Notional Principal Receivable Assets	2,000,000,000	2,000,000,000	Securities Received as Customers' Deposits for Customers' Margin	Customers' Margin Deposits	2,000,000,000	2,000,000,000		<p>* When the principal amount of assets and liabilities is not the same amount as a result of revaluation of settlement of accounts, "Profit and Loss on Futures Transactions, etc." will be incurred.</p> <p>* Interest receipt and payment processing is the same as interest payment date processing.</p>
(Buyer)																							
Notional Principal Payable Liability	Corresponding Account of Notional Principal Payable Liability																						
2,000,000,000	2,000,000,000																						
Cash Collateral Received	Securities Received as Customers' Deposits for Cash Collateral Received																						
2,000,000,000	2,000,000,000																						
(Seller)																							
Corresponding Account of Notional Principal Receivable Assets	Notional Principal Receivable Assets																						
2,000,000,000	2,000,000,000																						
Securities Received as Customers' Deposits for Customers' Margin	Customers' Margin Deposits																						
2,000,000,000	2,000,000,000																						
<p>11. Revaluation of Accounts for Settlement No partial cancellation during the period</p>	<p style="text-align: center;">2006/12/10</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">(Buyer)</td> </tr> <tr> <td style="width: 50%;">(Transfer) Notional Principal Payable Liability</td> <td style="width: 50%;">Gains on Futures Transactions, etc.</td> </tr> <tr> <td style="text-align: right;">10,000,000</td> <td style="text-align: right;">10,000,000</td> </tr> <tr> <td colspan="2" style="text-align: center;">(Seller)</td> </tr> <tr> <td>Losses on Futures Transactions, etc.</td> <td>(Transfer) Notional Principal Receivable Assets</td> </tr> <tr> <td style="text-align: right;">10,000,000</td> <td style="text-align: right;">10,000,000</td> </tr> </table>	(Buyer)		(Transfer) Notional Principal Payable Liability	Gains on Futures Transactions, etc.	10,000,000	10,000,000	(Seller)		Losses on Futures Transactions, etc.	(Transfer) Notional Principal Receivable Assets	10,000,000	10,000,000	<p>(1) (Transfer) Notional Principal Payable Liability = Market Value (- for Buyer's receipt, + for Payment) Amount - Accrued interest = -9,000,000 - 1,000,000 = -10,000,000 yen * In case of 0 or positive values: Loss on Futures Transactions (absolute value) * If negative: Gain on Futures Transaction (absolute value)</p> <p>(2) (Transfer) Notional Principal Receivable Assets = Market Value (+ for Seller's receipt, - for Payment) Amount - Accrued interest = -9,000,000 - 1,000,000 = -10,000,000 yen * In case of 0 or positive value, Gain on Futures Transaction (absolute value) * If negative, Loss on Futures Transactions (absolute value)</p>	<p>* Status at the time of settlement of accounts</p> <ul style="list-style-type: none"> <li>- The balance on the previous day was 2,000,000,000 yen for both receipt and payment, and there was no change in the principal amount.</li> <li>- Market value on the day of closing date = Seller's net payment amount is 9,000,000 yen</li> <li>- Amount equivalent to accrued interest = 1 million yen to be received</li> </ul> <p>* Notional Principal Payable Liability after Revaluation (Book Value) = Notional Principal Payable Liability before revaluation + (Transfer) Notional Principal Payable Liability</p> <p>* Notional principal receivable assets after revaluation (book value) = Notional Principal Receivable Assets before revaluation + (Transfer) Notional Principal Receivable Assets</p> <p>* The equivalent amount to accrued interest income is recorded by dividing Recorded Accrued Interest Income by Accrued Interest Income Per Day = 0.0008333 x 2,000,000,000 ÷ 100 = 16,666 Adjusted Amount = 1,000,000 - 16,666 x 60 days = 40 accrued but the adjusted accrued interest income and expenses are note recorded.</p>								
(Buyer)																							
(Transfer) Notional Principal Payable Liability	Gains on Futures Transactions, etc.																						
10,000,000	10,000,000																						
(Seller)																							
Losses on Futures Transactions, etc.	(Transfer) Notional Principal Receivable Assets																						
10,000,000	10,000,000																						

12. Partial Cancellation after Settlement (Revaluation)  When the principal of assets and liabilities before cancellation is not the same amount	2007/1/15		<p>(1) (Withdrawal upon cancellation) Notional Principal Payable Liability = Notional Principal Payable Liability Before Cancellation x Notional Principal Equivalent to Payment Liability on Cancellation (Principal Portion) ÷ Corresponding Account of Notional Principal Payable Liability Before Cancellation = 1,990,000,000 x 1,000,000,000 ÷ 2,000,000,000 = 995,000,000</p> <p>(Realized in one formula. Amounts less than 1 Yen to be rounded down (same as for Notional Principal Receivable Assets))</p> <p>(2) Profit and Loss on Futures Transactions, etc. = Market Value (+ For Buyer Payment, - For Receipt) Amount - Accrued Interest = 10,050,000 - 50,000 = 10,000,000</p> <p>* In case of 0 or positive values: Loss on Futures Transactions (absolute value) * If negative: Gain on Futures Transaction (absolute value)</p> <p>(3) (Withdrawal upon cancellation) The Notional Principal Receivable Assets = The Notional Principal Receivable Assets before cancellation x Notional Principal equivalent to Receivable Assets on Cancellation (principal portion) ÷ The Corresponding Account of Notional Principal Receivable Assets before cancellation</p> <p>(4) Profit and Loss on Futures Transactions, etc. = Market Value (+ for Seller's receipt, - for Payment) Amount - Accrued interest = 10,050,000 - 50,000 = 10,000,000</p> <p>* In case of 0 or positive value, Gain on Futures Transaction (absolute value) * If negative, Loss on Futures Transactions (absolute value)</p>	<p>* Status at the time of cancellation (the first partial cancellation after the revaluation of settlement of accounts in 11 above)</p> <ul style="list-style-type: none"> <li>- Cancellation of 1,000,000,000 yen out of the notional principal of 2,000,000,000 yen</li> <li>- The cancellation amount is the amount equivalent to the principal and the Seller's receiving net amount is 10,050,000 yen</li> <li>- The amount equivalent to accrued interest income is 50,000 yen (Delivery date: January 17).</li> </ul> <p>* Accrued interest income and expenses shall be recorded in the balance of the principal before cancellation until the day before the delivery date of partial cancellation.</p> <p>* Handling of partial cancellation delivery date is the same as 7. (The same shall apply to the handling of the customers' margin or the cash collateral received.)</p> <p>* Treatment of accrued interest is the same as 6.</p>
	<b>(Buyer)</b>			
	(Withdrawal upon cancellation) Notional Principal Payable Liability	Corresponding Account of Notional Principal Payable Liability		
	995,000,000	1,000,000,000		
Losses on Futures Transactions, etc.	Accounts Payable	10,000,000		
5,000,000	10,000,000			
<b>(Seller)</b>				
Corresponding Account of Notional Principal Receivable Assets	Notional Principal Receivable Assets	995,000,000		
1,000,000,000	Gains on Futures Transactions, etc.	5,000,000		
Accounts Receivable	Gains on Futures Transactions, etc.	10,000,000		
10,000,000	10,000,000			



25. Accounting for Forward Rate Agreement (FRA)

Category	Accounting Method
<p>I. Account titles for Forward Rate Agreements</p> <p>II. Accounts</p> <p>III. Forward Rate Purchase Forward Rate Sale</p> <p>IV. Valuation</p> <p>V. Settlement of Accounts</p>	<ol style="list-style-type: none"> <li>1. No new account titles prescribed in the ministry orders shall be created.</li> <li>2. The Notional Principal Amount relating to the forward rate contract shall be recorded in the accounts of “Notional Principal Receivable Assets / Corresponding Account of Notional Principal Receivable Assets” and “Notional Principal Payable Liability/Corresponding Account of Notional Principal Payable Liability.”               <ol style="list-style-type: none"> <li>(1) To be recorded on the date of conclusion of the contract.</li> <li>(2) Forward Rate Agreements shall, in principle, be evaluated at the market value.</li> <li>(3) For open type investment trusts, revaluation shall be made at the closing date.</li> </ol> </li> </ol> <ol style="list-style-type: none"> <li>1. Account Titles for Forward Rate Agreement               <ul style="list-style-type: none"> <li>Asset Account...                   <ul style="list-style-type: none"> <li>Notional Principal Receivable Assets.... Principal on forward rate purchase</li> <li>Corresponding Account of Notional Principal Payable Liability.... Corresponding Account of principal on forward rate sale</li> </ul> </li> <li>Liability Account...                   <ul style="list-style-type: none"> <li>Corresponding Account of Notional Principal Receivable Assets... Corresponding Account of principal on forward rate purchase</li> <li>Notional Principal Payable Liability.... Corresponding Account of commensurate principal on forward rate purchase</li> </ul> </li> <li>Loss Account.....Interest Expenses..... Interest paid on forward rate transactions</li> <li>Gain Account.....Interest Income..... Interest received on forward interest transactions</li> </ul> <ol style="list-style-type: none"> <li>(1) Amount for account receivable and payable in settlement... Accrued Revenue, Accounts Payable</li> <li>(2) Valuation Gain and Loss.... Gain or Loss on Valuation of Futures Transactions etc.</li> </ol> </li> </ol> <ol style="list-style-type: none"> <li>1. Interest on forward rate purchase shall not be recorded as interest income on a daily basis.</li> <li>2. Interest on forward rate sale shall not be recorded as interest income on a daily basis.</li> </ol> <ol style="list-style-type: none"> <li>1. Valuation shall in principle be conducted on a daily basis.</li> <li>2. The “Notional Principal Receivable Assets” and the “Notional Principal Payable Liability” shall be valued respectively, and the gain or loss on valuation thereof shall be added to the total amount of net assets as the “Gain or Loss on Valuation of Futures Transactions etc.”</li> </ol> <ol style="list-style-type: none"> <li>1. In the case of an open type investment trust, revaluation shall be made on the closing date.               <ul style="list-style-type: none"> <li>The accounts for “Notional Principal Receivable Assets” and “Notional Principal Payable Liability” shall be revalued respectively, and the                   <ol style="list-style-type: none"> <li>(1) Preparation of Balance Sheets                       <ul style="list-style-type: none"> <li>The Corresponding Account of Notional Principal Receivable Assets is subtracted from the notional principal receivable asset account, and the Notional Principal Payable Liability Account is subtracted from the Corresponding Account of Notional Principal Payable Liability, and the difference is added to the accounts receivable if it is a positive number, or to the accounts payable if it is a negative number.</li> </ul> </li> <li>(2) Attached Documents                       <ul style="list-style-type: none"> <li>A detailed statement showing the contents of each contract for the balance of forward rate agreements at the end of the fiscal period is attached.</li> </ul> </li> </ol> </li> </ul> </li> </ol>

[Journal Entry Example]

Transaction	Account Journal	Description
[Forward Rate Agreements]		
1. Date of Conclusion of Transaction [Purchase]	(1) Notional Principal Receivable Assets Corresponding Account of Notional Principal Receivable Assets	(1) Nominal principal amount to be used for calculation of settlement amount
[Sale]	(1) Corresponding Account of Notional Principal Payable Liability Notional Principal Payable Liability	(1) Transfer of Nominal Principal Amount (2) When the settlement amount is receiving: When the settlement amount is payment: (3) When any revaluation, etc. is implemented
2. Interest Determination Date [Purchase]	(1) Corresponding Account of Notional Principal Receivable Assets Notional Principal Receivable Assets (2) Account Receivable Interest Expenses Accounts Payable (3) Losses on Futures Transactions, etc. Gains on Futures Transactions, etc.	
[Sale]	(1) Notional Principal Payable Liability Corresponding Account of Notional Principal Payable Liability (2) Account Receivable Interest Expenses Accounts Payable (3) Losses on Futures Transactions, etc. Gains on Futures Transactions, etc.	
3. Transaction Termination Date (Settlement Date)		
[Purchase]/[Sale]	(1) Call Loans Accounts Payable Accounts Receivable Call Loans Gain or Loss on Valuation of Futures Transactions (off-book account)	(1) Receiving of settlement amount Payment of Settlement Amount
4. Valuation	(1) Notional Principal Receivable Assets Gains on Futures Transactions, etc. (2) Losses on Futures Transactions, Assets Notional Principal Receivable Assets	- The position of Notional Principal Receivable Assets or Notional Principal Payable Liability shall be valued, and the total amount of valuation gain or loss shall be added to the total amount of net assets as Valuation Gain or Loss on Futures Transactions.
5. Revaluation of Accounts for Settlement		
(Open Type) [Purchase]	(1) Notional Principal Payable Liability Gains on Futures Transactions, etc. Notional Principal Payable Liability	(1) In case of valuation gain:
[Sale]	(2) Losses on Futures Transactions, etc.	(2) In case of valuation loss:

26. Accounting for Forward Exchange Agreement (FXA)

Category	Accounting Method
<p>I. Account Titles for Forward Exchange Agreement</p> <p>II. Accounts</p> <p>III. Forward Exchange Purchase Forward Exchange Sale</p> <p>IV. Valuation</p> <p>V. Settlement of Accounts</p>	<ol style="list-style-type: none"> <li>1. No new account titles prescribed in the ministry orders shall be created.</li> <li>2. The notional amount of the principal relating to the forward exchange agreement shall be recorded in the accounts of “Notional Principal Receivable Assets and Corresponding Account of Notional Principal Receivable Assets” and “Notional Principal Payable Liability and Corresponding Account of Notional Principal Payable Liability.”               <ol style="list-style-type: none"> <li>(1) To be recorded on the date of conclusion of the contract.</li> <li>(2) Forward exchange agreements shall, in principle, be market value.</li> <li>(3) For open type investment trusts, revaluation shall be made at the closing date.</li> </ol> </li> </ol> <ol style="list-style-type: none"> <li>1. Accounts for Forward Exchange Agreements           <ul style="list-style-type: none"> <li>Asset Account....               <ul style="list-style-type: none"> <li>Notional Principal Receivable Assets.... Principal on forward exchange purchase</li> <li>Corresponding Account of Notional Principal Payable Liability... Corresponding Account of Principal on forward exchange sale</li> </ul> </li> <li>Liability Account...               <ul style="list-style-type: none"> <li>Corresponding Account of Notional Principal Receivable Assets.... Corresponding Account of Principal on forward exchange purchase</li> <li>Notional Principal Payable Liability... Principal on forward exchange sale</li> </ul> </li> <li>Loss Account.....Interest Expenses..... The amount of interest paid on forward exchange transactions</li> <li>Profit Account.....Interest Income..... The amount of interest received on forward exchange transactions</li> </ul> </li> </ol> <ol style="list-style-type: none"> <li>(1) Amount of receivable and payable in settlement... Accounts Receivable, Accounts Payable</li> <li>(2) Valuation Gain and Loss.... Gain or Loss on Valuation of Futures Transactions etc.</li> </ol> <ol style="list-style-type: none"> <li>1. Interest on forward exchange purchase shall not be recorded as interest income on a daily basis.</li> <li>2. Interest on forward exchange sale shall not be recorded as interest income on a daily basis.</li> </ol> <ol style="list-style-type: none"> <li>1. Valuation shall in principle be conducted on a daily basis.</li> <li>2. The “Notional Principal Receivable Assets” and the “Notional Principal Payable Liability” shall be valued respectively, and the gain or loss on valuation thereof shall be added to the total amount of net assets as the “Gain or Loss on Valuation of Futures Transactions etc.”</li> </ol> <ol style="list-style-type: none"> <li>1. In the case of an open type investment trust, revaluation shall be made on the closing date. The accounts for “Notional Principal Receivable Assets” and “Notional Principal Payable Liability” shall be revalued respectively, and the gain on valuation shall be transferred to “Gain on Transaction of Futures Transactions” and the loss on valuation shall be transferred to “Loss on Transaction of Futures Transactions.”</li> <li>2. Account Settlement Report           <ol style="list-style-type: none"> <li>(1) Preparation of Balance Sheets               <ul style="list-style-type: none"> <li>The Corresponding Account of Notional Principal Receivable Assets is subtracted from the notional principal receivable asset account, and the Notional Principal Payable Liability Account is subtracted from the Corresponding Account of Notional Principal Payable Liability, and the difference is added to the accounts receivable if it is a positive number, or to the accounts payable if it is a negative number.</li> </ul> </li> <li>(2) Attached Documents               <ul style="list-style-type: none"> <li>The detailed statement showing the contents of each contract for the balance of forward exchange transactions at the end of the calculation period shall be attached.</li> </ul> </li> </ol> </li> </ol>

[Journal Entry Example]

Transaction	Account Journal		Description
[Forward exchange agreement]			
1. Date of Conclusion of Transaction [Purchase]	(1) Notional Principal Receivable Assets	Corresponding Account of Notional Principal Receivable Assets	(1) Nominal principal amount to be used for calculation of settlement amount
[Sale]	(1) Corresponding Account of Notional Principal Payable Liability	Notional Principal Payable Liability	
2. Interest Determination Date [Purchase]	(1) Corresponding Account of Notional Principal Receivable Assets (2) Account Receivable Interest Expenses (3) Losses on Futures Transactions, etc.	Notional Principal Receivable Assets Interest Income Accounts Payable Gains on Futures Transactions, etc.	(1) Transfer of Nominal Principal Amount (2) When the settlement amount is receiving: When the settlement amount is payment: (3) When any revaluation, etc. is implemented
[Sale]	(1) Notional Principal Payable Liability (2) Account Receivable Interest Expenses (3) Losses on Futures Transactions, etc.	Corresponding Account of Notional Principal Payable Liability Interest Income Accounts Payable Gains on Futures Transactions, etc.	
3. Transaction Termination Date (Settlement Date) [Purchase]/[Sale]	(1) Call Loans Accounts Payable	Accounts Receivable Call Loans	(1) Receiving of settlement amount Payment of Settlement Amount
4. Valuation	Gain or Loss on Valuation of Futures Transactions (off-book account)		- Value the position of the Notional Principal Receivable Assets or the Notional Principal Payable Liability and add the total amount of the valuation gains or losses to the total amount of net assets as the Valuation Gain or Loss on Exchange.
5. Revaluation of Accounts for Settlement (Open Type) [Purchase]	(1) Notional Principal Receivable Assets (2) Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc. Notional Principal Receivable Assets	(1) In case of valuation gain: (2) In case of valuation loss:
[Sale]	(1) Notional Principal Payable Liability (2) Losses on Futures Transactions, etc.	Gains on Futures Transactions, etc. Notional Principal Payable Liability	



27. Accounting for a Non-Deliverable Forward (NDF)

- Summary - Settlement and transaction on balance shall be made through over-the-counter trading.
- Account titles for a Non-Deliverable Forward The notional amount of the principal for a non-deliverable forward shall be included in the accounts of “Notional Principal Receivable Assets / Corresponding Account of Notional Principal Receivable Assets” and “Notional Principal Payable Liability / Corresponding Account of Notional Principal Payable Liability.”
- (1) Recorded on the date of conclusion of the contract
  - (2) In principle, valued at market value
  - (3) For open type investment trusts, revaluation shall be made at the closing date.
- Others
- Recorded in the currency of settlement.
  - Contract for difference
  - Valuation of individual balance at market value

[Journal Entry Example]

Transaction	Account Journal	Description
1. Date of Conclusion of Transaction		
[Purchase]	(1) Notional Principal Receivable Assets	(1) Nominal principal amount to be used for calculation of settlement amount
[Sale]	Corresponding Account of Notional Principal Receivable Assets	
	(1) Corresponding Account of Notional Principal Payable Liability	- Value the position of “Notional Principal Receivable Assets” or “Notional Principal Payable Liability,” and add the total amount of the valuation gain or loss to the total amount of net assets as Gain or Loss on Valuation of Futures Transactions etc.
	Notional Principal Payable Liability	
2. Valuation	(2) Gain or Loss on Valuation of Futures Transactions etc. (off-book account)	(3) Transfer of Nominal Principal Amount
3. Closing Date		(4) When the settlement amount is profit: When the settlement amount is loss:
[Purchase]	(3) Corresponding Account of Notional Principal Receivable Assets	(5) When any revaluation, etc. is implemented
	(4) Account Receivable	
	(4) Losses on Futures Transactions, etc.	
	(5) Losses on Futures Transactions, etc.	
	Gains on Futures Transactions, etc.	
[Sale]	(3) Notional Principal Payable Liability	
	(4) Account Receivable	
	(4) Losses on Futures Transactions, etc.	
	(5) Losses on Futures Transactions, etc.	
	Corresponding Account of Notional Principal Payable Liability	
	Gains on Futures Transactions, etc.	
	Accounts Payable	
	Gains on Futures Transactions, etc.	

<p>4. Closing Date [Purchase]/[Sale]</p>	<p>(6) Call Loan (if settlement is in yen) or Deposit (if settlement is in foreign currency)</p>	<p>Accounts Receivable Call Loan (if settlement in yen) or Deposit (if settlement in foreign currency)</p>	
<p>Revaluation of Accounts for Settlement (Open Type) [Purchase]</p>	<p>(6) Accounts Payable</p> <p>(7) Notional Principal Receivable Assets</p> <p>(8) Losses on Futures Transactions, etc.</p>	<p>Gains on Futures Transactions, etc. Notional Principal Receivable Assets</p>	<p>(7) In case of valuation gain: (8) In case of valuation loss:</p>
<p>[Sale]</p>	<p>(7) Notional Principal Payable Liability</p> <p>(8) Losses on Futures Transactions, etc.</p>	<p>Gains on Futures Transactions, etc. Notional Principal Payable Liability</p>	

28. Accounting for Mortgage Securities

Category	Account Journal	Description												
1. Purchase Contract Date	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Mortgage Securities</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Accounts Payable</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> </table>	Mortgage Securities	xxx	Accounts Payable	xxx	<p><u>* Mortgage Securities..... New Accounts</u></p>								
Mortgage Securities	xxx	Accounts Payable	xxx											
2. Purchase Delivery Date	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Accounts Payable</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Call Loans</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> </table>	Accounts Payable	xxx	Call Loans	xxx	<p>- Interest income for mortgage securities transactions shall be recorded on a per diem basis.</p>								
Accounts Payable	xxx	Call Loans	xxx											
3. Recording of Accrued Interest Income	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Accrued Interest Income</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Interest Income</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> </table>	Accrued Interest Income	xxx	Interest Income	xxx	<p>- Compensation for early cancellation will be charged at around 1.2%.            *Other expenses..... Early cancellation compensation fee (commission)</p>								
Accrued Interest Income	xxx	Interest Income	xxx											
4. Interest Deposit Date	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Call Loans</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Accrued Interest Income</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> <tr> <td></td> <td></td> <td style="border-left: 1px solid black;">Interest Income</td> <td style="text-align: center;">xxx</td> </tr> </table>	Call Loans	xxx	Accrued Interest Income	xxx			Interest Income	xxx					
Call Loans	xxx	Accrued Interest Income	xxx											
		Interest Income	xxx											
5. Early Cancellation Date	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Accounts Receivable</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Mortgage Securities</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Other Expenses</td> <td style="text-align: center;">xxx</td> <td style="border-left: 1px solid black;">Mortgage Securities</td> <td style="text-align: center;">xxx</td> </tr> </table>	Accounts Receivable	xxx	Mortgage Securities	xxx	Other Expenses	xxx	Mortgage Securities	xxx					
Accounts Receivable	xxx	Mortgage Securities	xxx											
Other Expenses	xxx	Mortgage Securities	xxx											
6. Delivery Date for Early Cancellation	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Call Loans</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Mortgage Securities</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> <tr> <td></td> <td></td> <td style="border-left: 1px solid black;">Accrued Interest Income</td> <td style="text-align: center;">xxx</td> </tr> <tr> <td></td> <td></td> <td style="border-left: 1px solid black;">Interest Income</td> <td style="text-align: center;">xxx</td> </tr> </table>	Call Loans	xxx	Mortgage Securities	xxx			Accrued Interest Income	xxx			Interest Income	xxx	
Call Loans	xxx	Mortgage Securities	xxx											
		Accrued Interest Income	xxx											
		Interest Income	xxx											
7. Maturity Date	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Call Loans</td> <td style="width: 10%; text-align: center;">xxx</td> <td style="width: 10%; border-left: 1px solid black; border-bottom: 1px solid black;">Mortgage Securities</td> <td style="width: 10%; text-align: center;">xxx</td> </tr> <tr> <td></td> <td></td> <td style="border-left: 1px solid black;">Accrued Interest Income</td> <td style="text-align: center;">xxx</td> </tr> <tr> <td></td> <td></td> <td style="border-left: 1px solid black;">Interest Income</td> <td style="text-align: center;">xxx</td> </tr> </table>	Call Loans	xxx	Mortgage Securities	xxx			Accrued Interest Income	xxx			Interest Income	xxx	
Call Loans	xxx	Mortgage Securities	xxx											
		Accrued Interest Income	xxx											
		Interest Income	xxx											

29. Accounting for Investment Trust Beneficiary Certificates and Investment Securities

Category	Account Journal	Description							
1. Purchase Contract Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Investment Trust Beneficiary Certificates</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Payable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Investment Trust Beneficiary Certificates	×××	Accounts Payable	×××	- In the case of investment securities, investment securities shall be deemed to be investment trust beneficiary certificates.			
Investment Trust Beneficiary Certificates	×××								
Accounts Payable	×××								
2. Purchase Delivery Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Payable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Accounts Payable	×××	Call Loans	×××				
Accounts Payable	×××								
Call Loans	×××								
3. Ex-dividend Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Accrued Dividends Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Dividend income</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Accrued Dividends Receivable	×××	Dividend income	×××				
Accrued Dividends Receivable	×××								
Dividend income	×××								
4. Dividend Deposit Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Accrued Dividends Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Call Loans	×××	Accrued Dividends Receivable	×××				
Call Loans	×××								
Accrued Dividends Receivable	×××								
5. Sale Contract Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Loss on Securities Transactions</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Investment Trust Beneficiary Certificates</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Accounts Receivable	×××	Loss on Securities Transactions	×××	Investment Trust Beneficiary Certificates	×××		
Accounts Receivable	×××								
Loss on Securities Transactions	×××								
Investment Trust Beneficiary Certificates	×××								
6. Sale Delivery Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Call Loans	×××	Accounts Receivable	×××				
Call Loans	×××								
Accounts Receivable	×××								
7. Reimbursement Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Loss on Securities Transactions</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Investment Trust Beneficiary Certificates</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Gain on Securities Transactions</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Accounts Receivable	×××	Loss on Securities Transactions	×××	Investment Trust Beneficiary Certificates	×××	Gain on Securities Transactions	×××
Accounts Receivable	×××								
Loss on Securities Transactions	×××								
Investment Trust Beneficiary Certificates	×××								
Gain on Securities Transactions	×××								
8. Reimbursement Delivery Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Call Loans</td> <td style="width: 50%; text-align: right;">×××</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Accounts Receivable</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Call Loans	×××	Accounts Receivable	×××				
Call Loans	×××								
Accounts Receivable	×××								
9. Valuation	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Loss or Gain on Valuation of Securities</td> <td style="width: 50%; text-align: right;">×××</td> </tr> </table>	Loss or Gain on Valuation of Securities	×××						
Loss or Gain on Valuation of Securities	×××								
10. Revaluation of Accounts for Settlement (Open Type)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">Investment trust beneficiary certificates (valuation gain)</td> <td style="width: 50%; text-align: right;">Gains on securities transactions (valuation gain)</td> </tr> <tr> <td style="width: 50%; border-right: 1px solid black;">Loss on securities transactions (valuation loss)</td> <td style="width: 50%; text-align: right;">Investment trust beneficiary certificates (valuation loss)</td> </tr> </table>	Investment trust beneficiary certificates (valuation gain)	Gains on securities transactions (valuation gain)	Loss on securities transactions (valuation loss)	Investment trust beneficiary certificates (valuation loss)				
Investment trust beneficiary certificates (valuation gain)	Gains on securities transactions (valuation gain)								
Loss on securities transactions (valuation loss)	Investment trust beneficiary certificates (valuation loss)								

### 30. Accounting, etc., for Foreign Income Tax Deductions for Investment Trusts

- (1) At the time of settlement of accounts at the end of the period, investment trusts that have paid foreign income taxes abroad during the calculation period shall calculate information on any deduction for foreign income taxes necessary for the withholding agent, etc. to properly calculate taxes in the following manner, whether through private placement, public offering, stock investment trusts, bond investment trusts (excluding baby bond investment trusts in the form of family funds, MMFs and funds for a comprehensive securities account):

(a) Accounting on the closing date

(i) Ratio of assets denominated in foreign currencies

The amount obtained by dividing the amount of net assets denominated in foreign currencies at the end of the period by the total amount of net assets of trust property at the end of the period. The upper limit shall be 1 and the integer value shall have a maximum of 1 digit and after the decimal point shall be up to 4 digits and the remainder shall be rounded down. The lower limit shall be 0.

(ii) Foreign Income Tax per 1 yen of revenue

The amount obtained by dividing the amount of dividends from profit (excluding the dividends from the account for revenue adjustment, hereinafter the same shall apply) by the amount available for dividends from profit at the end of calculating period (excluding the dividends from the account for revenue adjustment, hereinafter the same shall apply), multiplying the amount of foreign income tax during the period, and dividing this amount by the dividends from profit. The upper limit shall be 1 and the integer value shall have a maximum of 1 digit and after the decimal point shall be up to 10 digits and the remainder shall be rounded down. The lower limit shall be 0.

However, when the ratio of assets denominated in foreign currencies is 0, the amount of foreign income tax per 1 yen of revenue shall also be 0.

(iii) Domestic Income Tax per 1 yen of revenue

The amount obtained by dividing the amount of domestic income taxes at the end of the period by the amount available for dividends from profit at the end of the period. The integer values shall be up to 1 digit, 10 digits to the right of the decimal point, and remainder shall be rounded down.

(b) Special Treatment for Baby Fund of Family Fund

(i) Amount of net assets denominated in foreign currencies at the end of the period

The amount of net assets of foreign currency-denominated assets in a baby fund of a family fund at the end of the period shall be the sum of the amount of net assets of foreign currency-denominated assets at the end of the period directly invested by such baby fund and the amount of net assets of foreign currency-denominated assets at the end of the period (the amount obtained by multiplying the amount of net assets of foreign currency-denominated assets held by the mother fund at the end of the period, in which such baby fund invest, by the number obtained by dividing the number of units of beneficial interest of the mother fund held by such

baby fund at the end of the period by the total number of units of beneficial interest of the mother fund at the end of the period) indirectly invested by such baby fund through each mother fund.

(ii) Amount of foreign income taxes during the period

The amount of foreign income taxes during the period on a baby fund of a family fund shall be obtained by adding the total amount of foreign income taxes calculated at the end of each month for each mother fund in which such baby fund invests, using the method in accordance with the Attached Form 1 (2), Statement of Dividend Income for Mother Fund, prescribed in the Article 11 of the By-law of the rules on Valuation and Accounting of Investment Trust Properties, to the amount of foreign income taxes directly paid by such child fund during the period.

(2) With respect to the information for deduction of foreign income tax calculated under (1) above, the communication shall be as follows:

(a) Unlisted Investment Trust

The data calculated in accordance with (1) shall be communicated to the sales company together with other closing data on the closing date.

(b) Listed Investment Trust

The data calculated in accordance with (1) shall be converted into a csv file and communicated to the sales company along with other closing data on the closing date. In this case, the starting date for payment of dividends shall be the day after the expiration of 15 business days from the closing date.

(3) The csv file pertaining to the listed investment trust calculated under (2) (b) above and transmitted to the sales company shall be posted on its website at the closing date.

### 31. Accounting for Pre-tender Transactions (Pre-issuance Date Transactions) of Government Bonds

[Transaction Terms]

Issue	Japanese Government Bonds with Interest Rate of 10 Years Issued in April 200X	Tender Announcement Issue Date	200X, March 28 April 20
Date of Tender	April 5		
Redemption Period	201X, April 20		
Date of Original Purchase Contract	200X, March 28	Delivery Date (= Issue Date)	200X, April 20
Face Value of Transaction	10,000,000 yen	Provisional Coupon	0.9% (with previous bond coupon)
Yield on purchases of Pre-tender Transactions	0.89% (Same Purchase Price @ 100.095)	Pre-Tender Transaction Closing Quotation	0.85% (Unit Price @ 100.478)
Pre-Tender Transaction Closing Quotation on the End of Fiscal Period (March 31)	0.85% (Unit Price @ 100.478)		
Date of Sale Agreement	200X, March 28	Delivery Date (= Issue Date)	200X, April 20
Face Value of Transaction	10,000,000 yen	Provisional Coupon	0.9% (with previous bond coupon)
Yield on Sales of Pre-Tender Transactions	0.89% (Same Sales Price @ 100.67)		
Conditions for Determination of Date of Tender	Issue: YYY Issue Bond Coupon: 0.8%		

\* The contract method for pre-tender transaction is not based on the unit price but the semi-annual compounded yield and the spread  $\alpha$  against the base interest rate. For this purpose, the purchase and sale unit price and the valuation unit price on the materials are calculated in accordance with the formula shown in the (Appendix).

(1) Handling of Purchase Agreement

Transaction	Account Journal		Description								
1. Purchase Contract Date	<p><u>March 28</u></p> <table border="1"> <tr> <td data-bbox="577 213 882 261">National Government Bond Certificates</td> <td data-bbox="882 213 1070 261">10,009,500</td> <td data-bbox="1070 213 1191 261">Accounts Payable</td> <td data-bbox="1070 261 1191 293">10,009,500</td> </tr> </table>		National Government Bond Certificates	10,009,500	Accounts Payable	10,009,500	<p>1. Purchase unit price is calculated using provisional coupon of 0.9% and purchase yield of 0.89%.                      Shall be dealt with in the same manner as ordinary interest-bearing debt acquisitions.                      (Appendix) Calculation formula -&gt; = 100.095                      (Contract Price) 10,000,000 x 100.095/100 = 10,009,500</p>				
National Government Bond Certificates	10,009,500	Accounts Payable	10,009,500								
2. Valuation	<table border="1"> <tr> <td data-bbox="577 405 882 453">Loss or Gain on Valuation of Securities</td> <td data-bbox="882 405 1070 453">38,300</td> <td></td> <td></td> </tr> </table>		Loss or Gain on Valuation of Securities	38,300			<p>2. Valuation shall in principle be made on a daily basis.                      The valuation unit price was calculated using provisional coupons of 0.9% and the closing quotation of 0.85% on the same day.                      (Appendix) Calculation formula -&gt; = 100.478                      (Valuation loss or gain) 10,000,000 x 100.478/100 - 10,009,500 = 38,300</p>				
Loss or Gain on Valuation of Securities	38,300										
3. Revaluation of Accounts for Settlement	<p><u>March 31</u></p> <table border="1"> <tr> <td data-bbox="577 533 882 580">National Government Bond Certificates</td> <td data-bbox="882 533 1070 580">38,300</td> <td data-bbox="1070 533 1191 580">Gain on Securities Transactions</td> <td data-bbox="1070 580 1191 612">38,300</td> </tr> </table>		National Government Bond Certificates	38,300	Gain on Securities Transactions	38,300	<p>3. Valuation unit price is calculated using provisional coupon of 0.9% and the closing quotation of 0.85%.                      (Appendix) Calculation formula -&gt; = 100.478                      (Valuation loss or gain) 10,000,000 x 100.478/100 - 10,009,500 = 38,300</p>				
National Government Bond Certificates	38,300	Gain on Securities Transactions	38,300								
4. Tender Date	<p><u>April 5</u></p> <table border="1"> <tr> <td data-bbox="577 660 882 708">Accounts Payable</td> <td data-bbox="882 660 1070 708">10,009,500</td> <td data-bbox="1070 660 1191 708">National Government Bond Certificates</td> <td data-bbox="1070 708 1191 740">10,047,800</td> </tr> <tr> <td data-bbox="577 724 882 772">Loss on Securities Transactions</td> <td data-bbox="882 724 1070 772">38,300</td> <td></td> <td></td> </tr> </table>		Accounts Payable	10,009,500	National Government Bond Certificates	10,047,800	Loss on Securities Transactions	38,300			<p>4. On the date of tender, the pre-tender transaction position on the initial purchase contract date (March 28) is offset by the initial purchase price.</p> <p>The purchase unit price is calculated from the coupon of 0.8% announced on the date of the tender and the initial yield on purchase of 0.89% and recorded again.                      (Appendix) Calculation formula -&gt; = 99.14                      (Contract Price) 10,000,000 x 99.14/100 = 9,914,000</p>
Accounts Payable	10,009,500	National Government Bond Certificates	10,047,800								
Loss on Securities Transactions	38,300										
5. Delivery Date	<table border="1"> <tr> <td data-bbox="577 852 882 900">National Government Bond Certificates</td> <td data-bbox="882 852 1070 900">9,914,000</td> <td data-bbox="1070 852 1191 900">Accounts Payable</td> <td data-bbox="1070 900 1191 932">9,914,000</td> </tr> </table> <p><u>April 20</u></p> <table border="1"> <tr> <td data-bbox="577 995 882 1043">Accounts Payable</td> <td data-bbox="882 995 1070 1043">9,914,000</td> <td data-bbox="1070 995 1191 1043">Call Loans</td> <td data-bbox="1070 1043 1191 1075">9,914,000</td> </tr> </table>		National Government Bond Certificates	9,914,000	Accounts Payable	9,914,000	Accounts Payable	9,914,000	Call Loans	9,914,000	
National Government Bond Certificates	9,914,000	Accounts Payable	9,914,000								
Accounts Payable	9,914,000	Call Loans	9,914,000								



(2) Handling of Sales Agreement

Transaction	Account Journal		Description												
1. Purchase Contract Date	<p><u>March 28</u></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">National Government Bond Certificates</td> <td style="width:50%; text-align: right;">Accounts Payable</td> </tr> <tr> <td style="text-align: right;">10,009,500</td> <td style="text-align: right;">10,009,500</td> </tr> </table>		National Government Bond Certificates	Accounts Payable	10,009,500	10,009,500	<p>1. Purchase unit price is calculated using provisional coupon of 0.9% and purchase yield of 0.89%.                      Shall be dealt with in the same manner as ordinary interest-bearing debt acquisitions.                      (Appendix) Calculation formula <math>\rightarrow = 100.095</math>                      (Contract price) <math>10,000,000 \times 100.095/100 = 10,009,500</math></p>								
National Government Bond Certificates	Accounts Payable														
10,009,500	10,009,500														
2. Valuation	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Loss or Gain on Valuation of Securities</td> <td style="width:50%;"></td> </tr> <tr> <td style="text-align: right;">38,300</td> <td></td> </tr> </table>		Loss or Gain on Valuation of Securities		38,300		<p>2. Valuation shall in principle be made on a daily basis.                      The valuation unit price was calculated using provisional coupons of 0.9% and the closing quotation of 0.85% on the same day.                      (Appendix) Calculation formula <math>\rightarrow = 100.478</math>                      (Valuation Gain or Loss) <math>10,000,000 \times 100.478/100 - 10,009,500 = 38,300</math></p>								
Loss or Gain on Valuation of Securities															
38,300															
3. Revaluation of Accounts for Settlement	<p><u>March 31</u></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">National Government Bond Certificates</td> <td style="width:50%; text-align: right;">Gain on Securities Transactions</td> </tr> <tr> <td style="text-align: right;">38,300</td> <td style="text-align: right;">38,300</td> </tr> </table>		National Government Bond Certificates	Gain on Securities Transactions	38,300	38,300	<p>3. Valuation unit price is calculated using provisional coupon of 0.9% and the closing quotation of 0.85%.                      (Appendix) Calculation formula <math>\rightarrow = 100.478</math>                      (Valuation Gain or Loss) <math>10,000,000 \times 100.478/100 - 10,009,500 = 38,300</math></p>								
National Government Bond Certificates	Gain on Securities Transactions														
38,300	38,300														
4. Sale Agreement Date	<p><u>April 2</u></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Accounts Receivable</td> <td style="width:50%; text-align: right;">National Government Bond Certificates</td> </tr> <tr> <td style="text-align: right;">10,067,000</td> <td style="text-align: right;">10,047,800</td> </tr> <tr> <td></td> <td style="text-align: right;">Gain on Securities Transactions</td> </tr> <tr> <td></td> <td style="text-align: right;">19,200</td> </tr> </table>		Accounts Receivable	National Government Bond Certificates	10,067,000	10,047,800		Gain on Securities Transactions		19,200	<p>4. Unit selling price is calculated using provisional coupon of 0.9% and yield on sales of 0.83%.                      Shall be treated in the same manner as an ordinary sale of interest-bearing government securities.                      (Appendix) Calculation formula <math>\rightarrow = 100.670</math>                      (Contract price) <math>10,000,000 \times 100.670/100 = 10,670,000</math>                      (Trading profit or loss) <math>10,067,000 - 10,047,800</math> (after revaluation) = 19,200</p>				
Accounts Receivable	National Government Bond Certificates														
10,067,000	10,047,800														
	Gain on Securities Transactions														
	19,200														
5. Tender Date	<p><u>April 5</u></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Accounts Payable</td> <td style="width:50%; text-align: right;">Accounts Payable</td> </tr> <tr> <td style="text-align: right;">10,009,500</td> <td style="text-align: right;">9,914,000</td> </tr> <tr> <td style="text-align: right;">Accounts Receivable</td> <td style="text-align: right;">Accounts Receivable</td> </tr> <tr> <td style="text-align: right;">9,971,000</td> <td style="text-align: right;">10,067,000</td> </tr> <tr> <td style="text-align: right;">Loss on Securities Transactions</td> <td></td> </tr> <tr> <td style="text-align: right;">500</td> <td></td> </tr> </table>		Accounts Payable	Accounts Payable	10,009,500	9,914,000	Accounts Receivable	Accounts Receivable	9,971,000	10,067,000	Loss on Securities Transactions		500		<p>5. Based on the coupon of 0.8% announced on the date of the tender, the unit purchasing price shall be calculated from the initial yield on purchases of 0.89%, and the unit selling price shall be calculated from the yield on sales of 0.83% for revision.                      [Purchase]                      (Appendix) Calculation formula <math>\rightarrow = 99.14</math>                      (Contract price) <math>10,000,000 \times 99.14/100 = 9,914,000</math>                      [Sale]                      (Appendix) Calculation formula <math>\rightarrow = 99.71</math>                      (Contract price) <math>10,000,000 \times 99.71/100 = 9,971,000</math></p>
Accounts Payable	Accounts Payable														
10,009,500	9,914,000														
Accounts Receivable	Accounts Receivable														
9,971,000	10,067,000														
Loss on Securities Transactions															
500															
6. Delivery Date	<p><u>April 20</u></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Accounts Payable</td> <td style="width:50%; text-align: right;">Call Loans, etc.</td> </tr> <tr> <td style="text-align: right;">9,914,000</td> <td style="text-align: right;">9,914,000</td> </tr> <tr> <td style="text-align: right;">Call Loans, etc.</td> <td style="text-align: right;">Accounts Receivable</td> </tr> <tr> <td style="text-align: right;">9,971,000</td> <td style="text-align: right;">9,971,000</td> </tr> </table>		Accounts Payable	Call Loans, etc.	9,914,000	9,914,000	Call Loans, etc.	Accounts Receivable	9,971,000	9,971,000	<p>Based on such revised unit prices (Purchase Unit Price 99.14, Sale Unit Price 99.71), the trading profit or loss recorded on the sale contract date shall be revised.</p>				
Accounts Payable	Call Loans, etc.														
9,914,000	9,914,000														
Call Loans, etc.	Accounts Receivable														
9,971,000	9,971,000														

(3) Handling When the Suspension of Tendering and Issuance is Announced by the Date of Tender

Transaction	Account Journal		Description								
1. Purchase Contract Date	<p><u>March 28</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">National Government Bond Certificates</td> <td style="width: 20%; text-align: right;">10,009,500</td> <td style="width: 20%;">Accounts Payable</td> <td style="width: 20%; text-align: right;">10,009,500</td> </tr> </table>		National Government Bond Certificates	10,009,500	Accounts Payable	10,009,500	<p>1. Purchase unit price is calculated using provisional coupon of 0.9% and purchase yield of 0.89%.                  Shall be dealt with in the same manner as ordinary interest-bearing debt acquisitions.                  (Appendix) Calculation formula -&gt; = 100.095                  (Contract price)10,000,000 × 100.095/100 = 10,009,500</p>				
National Government Bond Certificates	10,009,500	Accounts Payable	10,009,500								
2. Valuation	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Loss or Gain on Valuation of Securities</td> <td style="width: 20%; text-align: right;">38,300</td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> </table>		Loss or Gain on Valuation of Securities	38,300			<p>2. Valuation shall in principle be made on a daily basis.                  The valuation unit price was calculated using provisional coupons of 0.9% and the closing quotation of 0.85% on the same day.                  (Appendix) Calculation formula -&gt; = 100.478                  (Valuation Gain or Loss)10,000,000 × 100.478/100 - 10,009,500 = 38,300</p>				
Loss or Gain on Valuation of Securities	38,300										
3. Revaluation of Accounts for Settlement	<p><u>March 31</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">National Government Bond Certificates</td> <td style="width: 20%; text-align: right;">38,300</td> <td style="width: 20%;">Gain on Securities Transactions</td> <td style="width: 20%; text-align: right;">38,300</td> </tr> </table>		National Government Bond Certificates	38,300	Gain on Securities Transactions	38,300	<p>3. Valuation unit price is calculated using provisional coupon of 0.9% and the closing quotation of 0.85%.                  (Appendix) Calculation formula -&gt; = 100.478                  (Valuation Gain or Loss)10,000,000 × 100.478/100 - 10,009,500 = 38,300</p>				
National Government Bond Certificates	38,300	Gain on Securities Transactions	38,300								
4. Announcement Date of Suspension of Issuance	<p><u>April 2</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Loss on Securities Transactions</td> <td style="width: 20%; text-align: right;">38,300</td> <td style="width: 20%;">National Government Bond Certificates</td> <td style="width: 20%; text-align: right;">38,300</td> </tr> <tr> <td>Accounts Payable</td> <td style="text-align: right;">10,009,500</td> <td>National Government Bond Certificates</td> <td style="text-align: right;">10,009,500</td> </tr> </table>		Loss on Securities Transactions	38,300	National Government Bond Certificates	38,300	Accounts Payable	10,009,500	National Government Bond Certificates	10,009,500	<p>4. Cancellation of pre-tender transaction position and revaluation.</p>
Loss on Securities Transactions	38,300	National Government Bond Certificates	38,300								
Accounts Payable	10,009,500	National Government Bond Certificates	10,009,500								

(Appendix)

(1) Interest-Bearing Government Bonds

$$P = \frac{\frac{C}{2}}{\left(1 + \frac{r}{200}\right)^{\frac{2F}{365}}} + \frac{C \times 100}{r} \times \left\{ \frac{1}{\left(1 + \frac{r}{200}\right)} - \frac{1}{\left(1 + \frac{r}{200}\right)^N} \right\} + \frac{100}{\left(1 + \frac{r}{200}\right)^N} - \frac{C}{2} \times \frac{2A}{365}$$

P: Price

C: Base rate of the previous bond (% per annum)

A: Unissued period (days)

r: compounded yield (%)

N: Number of times of payment of interest

F: 182.5 - A

(Published by JSDA)

(1) In the course of calculation, rounded off to the nearest 10 decimal places.

(2) P is rounded down to the nearest three decimal places.

(2) Floating Rate Government Bonds

$$P = \frac{\frac{K - \alpha f}{2} + \frac{(K - \alpha f) \times 100}{K - \alpha t}}{1 + \frac{K - \alpha t}{200}} \times \left\{ \frac{1}{1 + \frac{K - \alpha t}{200}} - \frac{1}{1 + \frac{K - \alpha t}{200}^N} \right\} + \frac{100}{1 + \frac{K - \alpha t}{200}} - \frac{K - \alpha f}{2} \times \frac{2A}{365}$$

P: Price

K: 10-year government bond base rate (%)

αf: α (%) decided on tender

αt: α (%) agreed in WI transactions

A: Unissued period

N: Number of times of payment of interest

F: 182.5 - A

(1) In the course of calculation, rounded off to the nearest ten decimal places.

(2) P shall be rounded down to the nearest three decimal places.

However, when αf = αt, P = 100.

### 32. Accounting for Inflation-Indexed Bonds

Category	Accounting Method
1. Interlock Factor	<p>“Applicable index as of month ‘m’ and day ‘n’ ÷ the applicable index as of the date of issue” (rounded off to the three decimal places)            * Applicable index is the national consumer price index (general index excluding fresh food; Hereinafter referred to as “CPI”) shall be used.            (1) Applicable index for month ‘m’ day ‘n’ (if n = 10) = (m - 3) month CPI            (2) Applicable index for month ‘m’ day ‘n’ (if n &lt;10)</p> $= (m - 4) \text{ Month CPI} + \frac{\text{The number of days from Month (m - 1) on the 11th to Month m Day n}}{\text{Number of Days in Month (m - 1)}} \times \{(m - 3) \text{ Month CPI} - (m - 4) \text{ Month CPI}\}$ <p>(3) Applicable index for month ‘m’ day ‘n’ (if n &gt; 10)</p> $= (m - 3) \text{ Month CPI} + \frac{\text{Number of Days in (n - 10)}}{\text{Number of Days in month ‘m’}} \times \{(m - 2) \text{ Month CPI} - (m - 3) \text{ Month CPI}\}$ <p>(Example) In the case of June, the CPI for March shall be the applicable index for June 10.</p>
2. Notional Principal	Face Value at Issue x Interlock Factor
3. Accrued Interest Income	<p>Accrued Interest Income @ = (Coupon rate ÷ 365) x Notional principal on the date of recording of interest            * To clear off and re-enter on a day-to-day basis (Amount of accrued interest income up to the previous day shall be canceled, and the amount of accrued interest income from the next day of the previous interest payment or the date of delivery to the day shall be recorded).</p>
4. Redemption Amount	Notional Principal at Redemption Date
5. Appraised Value	Notional Principal on Valuation Date x Valuation Unit Price (without considering interlock factor)
6. Face Value Unification	<p>When the face value is unified on the interest payment date, the weighted average purchase interlock factor and the unit book value are calculated using the following formula:            Weighted average purchase interlock factor = Total notional principal amount at the time of purchase ÷ Total face value            Unit Book Value = Total Book Value ÷ Total Notional Principal Amount at the Time of Purchase</p>

[Journal Entry Example]

Transaction	Account Journal		Description
1. Purchase Agreement	<u>September 1 (Contract Date)</u>		- Contract date: September 1                      Delivery Date: September 6 - Face value 100,000,000                      Contract unit price 99.110 - Interest rate 1.2%                      Interest Payment Date 06/10, 12/10 twice a year - Redemption Date 06/10/2013 (Issue Date 06/10/2003)
	National Government Bond Certificates 99,407,330	Accounts Payable 99,407,330	
	<u>September 6 (delivery date)</u>		
	Accounts Payable 99,407,330 Prepaid Expenses 290,183	Call Loans 99,697,513	
2. Recording of Accrued Interest Income	<u>September 7</u>		- Applicable Index 98.1129 (09/06) 97.80 (06/10) - - - Issue Index [Interlock Factor] $98.1129 \div 97.8 = 1.003$ [Notional Principal] $100,000,000 \times 1.003 = 100,300,000$  [Contract Amount] $100,300,000 \times 99.11/100 = 99,407,330$ [Accrued Interest] $100,300,000 \times 1.2 \times 88/365 = 290,183$
	Accrued Interest Income 3,297	Interest Income 3,297	
	<u>September 8</u>		
	Accrued Interest Income -3,297 (09/07) Accrued Interest Income 6,594 (09/07 to 09/08)	Interest Income -3,297 Interest Income 6,594	



33. Accounting for Establishment of Exchange Traded Funds When There Is Debt Guarantee by the Japan Securities Clearing Corporation

(In-Kind Type)

- The Day of Establishment	
Stock certificates	Principal
Accounts Receivable	
(Loss on Additional Subscriptions)	(Gain on Additional Subscriptions)
- The Day the Establishment Amount is Deposited	
Money Trust	Accounts Receivable

(Money Trust Type)

- The Day of Establishment	
Accounts Receivable	Principal
(Loss on Additional Subscriptions)	(Gain on Additional Subscriptions)
- The Day the Establishment Amount is Deposited	
Money Trust	Accounts Receivable

Supplementary Provision

This Sub-Committee resolution shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on July 16, 2004.

Supplementary Provision

This amendment shall come into effect on November 19, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

This amendment shall come into effect on November 18, 2005.

Supplementary Provision

This amendment shall take effect on May 31, 2006 and shall apply to share splits with a record date on or after that date.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provision

This amendment shall come into effect on November 1, 2006.

Supplementary Provision

This amendment shall come into effect on October 12, 2006.

Supplementary Provisions

This amendment shall be implemented from the newly recorded accrued dividend receivable from July 1, 2007.

Accrued dividends already recorded on the effective date shall be applied from those renewed on and after the effective date.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.



Supplementary Provision

This amendment shall come into effect on March 9, 2007.

Supplementary Provision

This amendment shall come into effect on June 14, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on January 21, 2010.

Supplementary Provision

This amendment shall come into effect on April 14, 2011.

Supplementary Provision

This amendment shall come into effect on January 1, 2020 and shall apply to investment trusts from which beneficiaries receive dividends on or after such date.

\* Deleted items 5 30 (1) - (2) and newly added items (1) - (3).

Supplementary Provision

This amendment shall come into effect on April 5, 2021.

\* Amended items 3 and 4.

Supplementary Provision

This amendment shall come into effect on January 1, 2021.

\* Newly added 5 33.

# Rules on Real Estate Investment Trusts and Real Estate Investment Corporations

Established on March 16, 2001  
Revised on May 24, 2001  
Revised on September 21, 2001  
Revised on March 19, 2004  
Revised on November 18, 2005  
Revised on April 21, 2006  
Revised on February 16, 2007  
Revised on September 21, 2007  
Revised on February 15, 2008  
Revised on March 21, 2008  
Revised on May 16, 2008  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on September 16, 2009  
Revised on May 20, 2010  
Revised on December 20, 2012  
Revised on May 15, 2014  
Revised on November 20, 2014  
Revised on May 21, 2015  
Revised on July 16, 2015  
Revised on March 9, 2017  
Revised on September 19, 2019  
Revised on March 11, 2021

## Chapter 1: General Provisions

### Article 1 Purpose

These Rules shall apply to investment trust management companies (meaning a settlor company of investment trusts as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as the “Investment Trust Act”) and asset management companies as defined in Paragraph 21 of the same article) and trust companies that act as trustee companies for Investment Trusts that are not directed by the settlor (hereinafter referred to as the “Operating Company”). The purpose of these Rules is to establish matters necessary for the proper execution of business pertaining to REIT (Real Estate Investment Trusts) and Real Estate Investment Corporations (hereinafter referred to as “REIT, etc.”) and to smoothly implement a system pertaining to the REIT, etc., while protecting the investors.

### Article 2 Basic Principles for Management

1. The Operating Company shall, for the beneficiary of the investment trust or the investment corporation, with loyalty and the due care of a prudent manager, direct the management or manage the assets (hereinafter referred to as “management, etc.” The same shall apply hereinafter in this Article and the following Article.) of a REIT or a real estate investment corporation (hereinafter referred to as the “Trust Property, etc.”)
2. In management, etc., of Trust Property, etc., the Operating Company shall be in compliance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the “FIEA.”), and the Investment Trust Act and other laws and regulations as well as the various rules of this Association and shall give consideration to protecting the investors.

Article 2-2 System for Management of Trust Property, etc.

In management, etc., of Trust Property, etc., the Operating Company shall voluntarily conduct it and any person other than the Operating Company (excluding any person to whom the authority to make investment in whole or in part has been delegated under Article 42-3 of the FIEA and any person to whom the authority to make investment in part has been delegated under Article 55 of the Investment Trust Act) shall not be involved in the management, etc. of the Trust Property, etc.

Article 3 Definition

1. The term “REIT, etc.” as used in these Rules means an investment trust and an investment corporation whose purpose is to invest an amount exceeding one half of the total amount of the investment trust property or the assets of the investment corporation in real estate, etc. and asset-backed securities, etc. for which real estate, etc., is the primary investment target, as set forth in the Basic Terms and Conditions of Investment Trust (hereinafter referred to as the “Basic Terms and Conditions”) or the Certificate of Incorporation of the Investment Corporation (hereinafter referred to as the “Certificate of Incorporation”)
2. The term “Real Estates, etc.” as used in these Rules means the following assets:
  - (1) Real estate
  - (2) Rights of lease of real property
  - (3) Superficies rights
  - (4) Assets listed in the preceding three items based on foreign laws and regulations
  - (5) The beneficial interest in trusts in which the following assets are entrusted (including comprehensive trusts entrusted together with money incidental to real estate.)
    - (a) Real estate
    - (b) Rights of lease of real property
    - (c) Superficies rights
    - (d) Assets listed in items (a) through (c) based on foreign laws and regulations
  - (6) Beneficial interests in money trusts for the purpose of investing in the assets listed in items 1 to 4.
  - (7) Equity in investment in a silent partnership in real estate (meaning an equity in investment pertaining to a contract in which one of the parties promises to make a contribution to the investment in the assets set forth in the preceding six items that has been made by the other party, and the relevant other party invests the contributed property mainly in the relevant assets and distributes the profits that arise from the relevant investment. The same shall apply hereinafter.)
  - (8) Beneficial interests in money trusts whose purpose is to invest trust property primarily in the assets listed in Item 7.
  - (9) Assets similar in nature to those set forth in paragraphs 5 through 8 that are structured in accordance with the foreign laws and regulations.
  - (10) In the case stipulated in Article 194, Paragraph 2 of the Investment Trust Act, shares or capital contributions issued by a corporation stipulated in Article 221-2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of November 17, 2000) (hereinafter referred to as “Foreign Real Property Holding

Corporation”), whose assets are all real property and monetary claims, etc., pertaining to such real property (excluding those listed on the foreign financial instruments market and those registered, etc., on the over-the-counter financial instruments market established in foreign countries).

3. The term “asset-backed securities, etc., for which primary investment target is real estate, etc.,” used in these Rules, means the securities stipulated in each of the following items intended for investment in real estate, etc., in an amount exceeding one half of the assets and specified in said items:
  - (1) Preferred Equity Securities: Preferred equity securities stipulated in Article 2, Paragraph 9 of the Asset Securitization Act (Act No.105 of 1998; hereinafter referred to as the “the Asset Securitization Act”.)
  - (2) Mother Fund Beneficiary Certificates: Beneficiary certificates of investment trusts as stipulated in Article 2, Paragraph 7 of the Investment Trust Act (including book-entry transfer beneficial interest in an investment trust; hereinafter referred to as “Beneficiary Certificates”), the purpose of which is to have the trustees of other specific Investment Trusts (hereinafter referred to as “Baby Funds”) acquire the Beneficiary Certificates of the Investment Trust, and that the trustee of the Investment Trust and the trustee of the Baby Fund that acquires the Beneficiary Certificates of the Investment Trust are the same and the Basic Terms and Conditions of the Baby Fund stipulate as such.
  - (3) Parent Investment Securities: Investment securities stipulated in Article 2, Paragraph 15 of the Investment Trust Act (including book-entry transfer investment equity), the purpose of which is to have other assets of a specified investment corporation (hereinafter referred to as a “Subsidiary Investment Corporation”) acquire such investment securities, and of which acquisition is stipulated in the Certificate of Incorporation of the Subsidiary Investment Corporation that acquires such investment securities of the investment corporation.
  - (4) Beneficiary Certificates of Special Purpose Trusts: Beneficiary certificates for special purpose trusts as stipulated in Article 2, Paragraphs 13 and 15 of the Asset Securitization Act (excluding those which invest in assets as stipulated in Items 5, 6 or 8 of the preceding paragraph and investments in the assets among those stipulated in Item 9 to be invested in the assets stipulated in Items 5, 6 or 8 of the preceding paragraph.)
  - (5) Securities of Equity in Investment in a Silent Partnership: Equity in investment in a silent partnership as stipulated in Article 2, Paragraph 2, Item 5 of the FIEA
  - (6) Assets similar in nature to those set forth in Paragraph 1 or 4 that are structured in accordance with the foreign laws and regulations.
4. The term “amount exceeding one half of the assets of investment trust property or investment corporation” as used in these Rules shall, in principle, be based on the amount exceeding one half of the total amount of assets obtained by adding or subtracting valuation gains or losses on real estate, etc., and other assets to the total assets of the REIT, etc., less the amount of security deposits or guarantee money temporarily deposited by the REIT, etc., (hereinafter referred to as “security deposits, etc.”)
5. The term “Listed, etc.” as used in these Rules means any of the following:
  - (1) Securities which can be traded in the financial instruments market established by a securities exchange, licensed and established in accordance with the provisions of Article 80 of the FIEA.
  - (2) Securities registered in the Registry of Over-the-Counter Traded Securities maintained by the Japan

Securities Dealers Association established with approval under the provisions of Article 67-2 of the FIEA

6. The term “Unlisted, etc.,” as used in these Rules means those that do not fall under any of the items of the preceding paragraph.
7. The term “Open-End Type Investment Trust” as used in these Rules means an investment trust for which the Basic Terms and Conditions of the investment trust stipulate that an additional trust may be created with respect to the investment trust property at the request of the investor or that the investment trust property may be partially cancelled at the request of the beneficiary for each specific period.
8. The term “Open-End Type Investment Corporation” as used in these Rules means an investment corporation whose Certificate of Incorporation stipulate that it shall issue investment equity at an amount that is fair in light of the contents of the assets of the investment corporation or that it shall make partial refunds of its investment equity in response to a partial refund request from an investor.
9. The “Closed-End Type Investment Trust” as used in these Rules means the investment trust that stipulates in the Basic Terms and Conditions for said investment trust that it will not accept requests for cancellation of investment trust property from the beneficiary, except for purchases made by exercising the beneficiaries’ right to request purchase as stipulated in Article 18 of the Investment Trust Act (including cases where it is applied mutatis mutandis pursuant to Articles 20 and 54 of the said Act.)
10. The “Closed-End Type Investment Corporation” as used in these Rules means an investment corporation that stipulates in its Certificate of Incorporation that it will not respond to requests for refund of investment equity except for the refund of investment equity based on the exercise of the right to request a refund by the investor specified in Article 141, Paragraph 1 or Article 149-3, Paragraph 1 of the Investment Trust Act.

#### Article 4 Accounting Rules for REIT, etc.

Accounting for REIT, etc., shall be carried out in accordance with the Ordinance on Accountings of Investment Trust Property (Cabinet Office Ordinance No. 133 of 2000; hereinafter referred to as the “Ordinance on Accountings of Investment Trust’s Financial Statements”), the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 134 of 2000; hereinafter referred to as “Ordinance on Investment Corporation’s Financial Statements”), these Rules, and other Rules this Association stipulates and generally accepted corporate accounting standards and other accounting practices.

#### Article 4-2 Proper Management of Documents

The Operating Company shall appropriately retain and manage the sales and purchase contracts, the appraisal reports obtained from third parties, the contracts with subcontractors and other documents necessary for the proper execution of the entrusted business pertaining to the properties held by the REIT, etc. that the management company is entrusted to manage (hereinafter referred to as the “Entrusted REIT, etc.”).

#### Article 5 Valuation of Real Estate Holdings

1. The valuation method to be used for calculating the fair value of real estate, rights of lease of real property and superficies rights held by REIT, etc. shall be the valuation method deemed appropriate for each asset among the following methods specified in the Basic Terms and Conditions and Certificate of Incorporation and they shall be valued by such valuation methods. However, this does not apply to REIT, etc. of private placements (meaning private placements stipulated in Article 2, Paragraph 3 of FIEA. The same shall apply hereinafter.).
  - (1) Appraised value based on appraisal by a real estate appraiser
  - (2) Appraised value based on actual transactions of similar properties in the neighborhood
  - (3) The amount reduced and adjusted based on the amount expected to be required if the property is re-procured at that time (limited to cases where a building is being valued.)
  - (4) Value calculated by the capitalization method (DCF Method or Direct Capitalization Method)
  - (5) Any combination of the valuation methods stipulated in the preceding items.
2. In principle, the valuation methods stipulated in the Basic Terms and Conditions or Certificate of Incorporation based on the provision of the preceding paragraphs shall not be changed in accordance with the principle of consistency.

However, another method of valuation may be adopted only when such method of valuation is no longer appropriate for a justifiable reason and when it can be reasonably determined that there is no problem in protecting investors.

3. When the valuation method specified in the Basic Terms and Conditions or Certificate of Incorporation has been changed based on the provision of the proviso to the preceding paragraph, the following matters shall be stated in the management report or asset management report (hereinafter referred to as the "Management Report, etc.") for the preparation period which includes the date on which the valuation method was changed.
  - (1) Facts and date of change in valuation method
  - (2) Specific details of the valuation method adopted before the change (hereinafter referred to as the "Pre-Change Valuation Method") and of the valuation method after the change (hereinafter referred to as the "Post-Change Valuation Method")
  - (3) Appraised value based on the Pre-Change Valuation Method and the Appraised Value based on the Post-Change valuation Method at the end of the accounting period
  - (4) Specific reasons for the change in the valuation method
  - (5) Other matters necessary for investor protection

#### Article 6 Valuation of Real Estate, etc.

1. The following assets held by REIT etc., shall be valued at the value specified in the respective items:
  - (1) Foreign assets stipulated in Article 3, Paragraph 2, Item 4: The value calculated by the valuation method deemed appropriate by the Operating Company from among the valuation methods stipulated in Article 5, Paragraph 1 (if such assets are denominated in foreign currencies, the value denominated in foreign currencies and the value converted into Japanese yen shall be indicated together.)
  - (2) The beneficiary interest of the trust stipulated in Article 3, Paragraph 2, Item 5: The value presented by

the trustee company.

- (3) The beneficiary interest in the money trust stipulated in Article 3, Paragraph 2, Item 6: The value presented by the trustee company.
  - (4) Equity in investment in a silent partnership in real estate as stipulated in Article 3, Paragraph 2, Item 7: The appraised value of such equity in investment in the silent partnership presented by the business operator of the silent partnership (value reflecting the settlement of accounts of such silent partnership)
  - (5) The beneficial interest in the money trust stipulated in Article 3, Paragraph 2, Item 8: The value presented by the trustee company.
  - (6) Assets stipulated in Article 3, Paragraph 2, Item 9: The value stipulated in the preceding four items (if such assets are denominated in foreign currencies, the value denominated in foreign currencies and the value converted into Japanese yen shall be indicated together).
  - (7) Assets stipulated in Article 3, Paragraph 2, Item 10: The appraised value of shares or capital contributions of the Foreign Real Property Holding Corporation presented by the business operator of the said Foreign Real Property Holding Corporation (value reflecting the settlement of accounts of the said Foreign Real Property Holding Corporation). If such assets are denominated in foreign currencies, the value denominated in foreign currencies and the value converted into Japanese yen shall be indicated together)
2. For valuation of the assets stipulated in items 2 through 7 of the preceding paragraph, if unavoidable circumstances arise, such as the inability to obtain a value for the said assets from the trustee company or business operator of the said assets, the Operating Companies may value such assets by the method of valuation specified in the By-laws.

\* Article 2 of the By-laws

#### Article 7 Valuation of Asset-Backed Securities, etc.

1. The assets specified in each of the following items held by REIT, etc., shall be valued at the values specified respectively therein:
  - (1) Preferred equity securities as stipulated in Article 3, Paragraph 3, Item 1 shall be valued at the closing value on the stock exchange or over-the-counter market (hereinafter referred to as the "Listed Market") on the calculation date, or if this is difficult, at the price presented by the special purpose company.
  - (2) Mother Fund Beneficiary Certificates as stipulated in Article 3, Paragraph 3, Item 2 shall be the value of either the closing value on the Listed Market on the calculation date or the base value calculated based on the calculation method for base value as stipulated in these Rules.
  - (3) Investment securities as stipulated in Article 3, Paragraph 3, Item 3 shall be valued at the closing value on the Listed Market on the calculation date.
  - (4) Beneficiary certificates of special purpose trusts prescribed in Article 3, Paragraph 3, Item 4 shall be valued at the closing value on the Listed Market on the calculation date, or if this is difficult, at the price presented by the trustee company of the special purpose trust.
  - (5) Securities of equity in investment in a silent partnership as stipulated in Article 3, Paragraph 3, Item 5 shall be valued at the closing value on the Listed Market on the calculation date, or if this is difficult,

at the value presented by the business operator of the silent partnership (value reflecting the settlement of accounts of such silent partnership).

- (6) Assets stipulated in Article 3, Paragraph 3, Item 6 shall be valued at the value stipulated in items 1 or 4 according to the nature of said assets (if such assets are denominated in foreign currencies, the value shall be converted into Japanese yen.)
2. For valuation of the assets stipulated in Items 1, 3, 4 and 5 of the preceding paragraph, if unavoidable circumstances arises, such as the inability to obtain a value for the said assets from the trustee company or business operator of the said assets, the Operating Company may value such assets by the method of valuation specified in the By-laws.

\* Article 3 of the By-laws

#### Article 8 Valuation of Other Assets

Assets other than those stipulated in Articles 6 and 7 shall be valued according to the respective asset valuation methods stipulated in the Rules concerning Valuation and Accounting of Investment Trust Property and the Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as the “Rules on IIT, etc.”) In this case, when REIT, etc., value infrastructure assets, etc., based on the Rules on IIT, etc., “Infrastructure Investment Trusts, etc.” shall be deemed to be replaced with “REIT, etc.” and applied. However, when it is difficult to value by such method, it shall be valued in accordance with generally accepted corporate accounting standards and other accounting practices.

#### Article 9 Preparing an Asset Management Plan

1. In managing REIT, etc., the Operating Company shall prepare an Asset Management Plan for each REIT, etc., and endeavor to manage REIT, etc., in accordance with the plan.
2. The Asset Management Plan provided in the preceding paragraph shall contain the following matters:
  - (1) The period scheduled for the Asset Management Plan
  - (2) Investment policy for REIT, etc.
  - (3) Attributes of real estate, etc., and asset-backed securities, etc., assumed to be investment targets
  - (4) Valuation method of assets held
  - (5) Standards for replacement of real estate holdings, etc., and asset backed securities, etc., held
  - (6) Policy for formulating a Long-Term Repair Plan for the real estate holdings, etc., the total amount of the estimated reserves for the said Long-Term Repair Plan for the real estate holdings, etc., during the accounting period, and the amount of planned reserves for each accounting period.
  - (7) Policy for Formulation of Plans for Borrowing and Repayment of Funds (including plans for issuance and redemption of investment corporation bonds (including book-entry transfer investment corporation bonds; the same shall apply hereinafter) the same shall apply hereinafter)

The current plan for borrowing and repayment of funds shall be described as reference information

- (8) If the Asset Management Plan is revised, the date of such revision and the specific reasons for such revision



(9) Other matters deemed necessary for protection of investors

3. The period stipulated in Item 1 of the preceding paragraph shall be a period of 10 years or more, which is deemed appropriate in light of the product attributes of the said REIT, etc.

Provided, however, that with regard to REIT, etc. for which a trust period or duration is less than 10 years in the Basic Terms and Conditions or Certificate of Incorporation, such trust period or duration shall apply.

#### Article 10 Public Inspection of Asset Management Plan

The Operating Company shall keep the Asset Management Plan, which was formulated in accordance with the provisions of the preceding article, at the principal headquarters and branch offices and make it available for public inspection by the beneficiary or the investor of the said REIT, etc., upon their request.

#### Article 11 Disclosure of Long-Term Repair Plan, etc.

1. The Operating Company shall specify in its Management Report, etc., pertaining to REIT, etc., the amount accumulated on the last day of each accounting period based on the Long-Term Repair Plan, etc., for the real estate holdings, etc., as stipulated in Article 9, Paragraph 2, Item 6 for each accounting period for a period of five years or more before the last day of said accounting period.
2. Notwithstanding the provision of the preceding paragraph, with regard to REIT, etc., whose operation period or duration from the establishment thereof is less than five years, the amount accumulated during the period from the date of establishment thereof until the end of the relevant accounting period, shall be stated for each accounting period.

#### Article 12 Depreciation of Real Estate Holdings

1. The amount of depreciation of real estate holdings shall be calculated by the straight-line method for buildings (excluding auxiliary equipment) and by the straight-line method or the declining-balance method for equipment, etc.

The method of calculating the amount of depreciation of equipment, etc., shall be specified in the Basic Terms and Conditions or Certificate of Incorporation.

2. Based on the provisions of provisory clause in the preceding paragraph, no changes shall be made to the method of calculating the amount of depreciation of equipment, etc., specified in the Basic Terms and Conditions or Certificate of Incorporation.

However, another method of calculation may be adopted only when such method of calculation is no longer appropriate for a justifiable reason and when it can be reasonably determined that there is no problem in protecting investors.

3. The provision of Paragraph 3 of Article 5 shall apply mutatis mutandis to any change in the method of calculation of the amount of depreciation in accordance with the provision of the preceding paragraph. In this case, the terms “valuation method,” “Pre-Change Valuation Method” and “Post-Change Valuation Method” in the same paragraph shall be deemed to be replaced with “calculation method,” “Pre-Change Calculation Method” and “Post-Change Calculation Method” respectively.

Article 12-2 Deleted

Article 13 Correction of Book Value of Real Estate Held at the End of Accounting Period

The Operating Company shall correct the book value of the real estate, etc., held at the end of the accounting period to the amount calculated by deducting the amount of depreciation calculated by the calculation method stipulated in the Basic Terms and Conditions or Certificate of Incorporation based on the provisions of the preceding article from the amount at the beginning of the accounting period.

Article 14 Correction of Book Value of Securities Held at the End of Accounting Period

1. The Operating Company shall re-valuate the trading securities it holds at the end of the accounting period to market value, correct the book value, and add the gain on valuation of securities to the gain on securities transactions and the loss on valuation of securities to the loss on securities transactions, respectively.
2. Other securities held shall be recorded as valuation and translation differences, etc., as stipulated in Article 20, Paragraph 5 of the Ordinance on Accountings of Investment Trust's Financial Statements or Article 39, Paragraph 6 of the Ordinance on Investment Corporation's Financial Statements, in the amount calculated by deducting the book value of such securities from the amount valued by the method stipulated in these Rules at the end of the accounting period.

Article 15 Calculation of Useful Life of Real Estate Holdings

The useful life of the real estate holdings shall be determined appropriately, taking into consideration the following matters:

- (1) Status of acquisition (Number of years elapsed before acquisition, etc.)
- (2) Status of implementation or schedule of repairs, etc.
- (3) Structure of the real estate
- (4) Useful life in accordance with Article 56 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) and the Ministerial Ordinance Concerning the Useful Life etc., of Depreciable Assets (Ministerial Ordinance No. 15 of 1965)

Article 16 Other Asset Management Methods

When assets other than real estate, etc., are held, the management method of such assets shall be in accordance with what is stipulated in the Rules on Management of Investment Trusts, etc., and the Rules on IIT, etc.

Article 17 Restrictions on Beneficiary Certificate of Investment Trusts, etc.

When Beneficiary Certificates other than Mother Fund Beneficiary Certificates stipulated in Article 3, Paragraph 3, Item 2 or investment securities other than the parent investment securities stipulated in Article 3, Paragraph 3, Item 3 are incorporated in REIT, etc., such incorporation shall be limited to cases where the following requirements are satisfied:

- (1) The total amount of securities held by any one REIT, etc., (excluding the securities stipulated in Article

3, Paragraph 2, Items 5 through 9) including Beneficiary Certificates and investment securities shall be less than 50% of the total amount of assets of such REIT, etc.

- (2) The amount invested by any one Operating Company in any one Investment Trust or Investment Corporation shall be less than fifty percent (50%) of the total amount of Beneficiary Certificates or investment securities issued by the Investment Trust or Investment Corporation into which such Operating Company invests in all of the Investment Trust Property managed by such Operating Company and the assets of the Investment Corporation to which the management of such Operating Company is entrusted.
- (3) Shall not be Beneficiary Certificates or investment securities held mutually or in circulation among investment trusts or investment corporations.
- (4) The Beneficiary Certificates or investment securities shall satisfy the requirements stipulated in the following items (a) and (b):
  - (a) Shall not be Beneficiary Certificates of an investment trust that the Operating Company manages for itself, or the investment securities of investment corporations entrusted
  - (b) Shall not be investment trust beneficiary certificates or investment securities of investment corporations that are primarily intended to be invested in other Beneficiary Certificates or investment securities, except for funds of funds as defined in the Rules on Management of Investment Trusts, etc.

#### Article 18      Borrowing of Funds

1. The borrowing of funds by REIT, etc., shall be limited to cases where such borrowing is necessary for the management, etc., of Trust Property, etc., and shall be carried out with due consideration of the soundness of such Investment Trust Property, etc., or the assets of the investment corporation.
2. If the Operating Company borrows funds for REIT, etc., the Operating Company shall state the following matters for each such borrowing in the Management Report, etc., for the accounting period:
  - (1) Reasons for borrowing
  - (2) Date of borrowing
  - (3) Amount of borrowing
  - (4) Lender
  - (5) If the assets held are pledged, the name and appraised value of the assets pledged as collateral
  - (6) Interest rate for borrowing
  - (7) Method of repayment
  - (8) Repayment period

#### Article 19      Time to Record the Losses and Gains on Sale and Purchase of Real Estate, Etc.

Losses and Gains on sale and purchase of real estates, rights of lease of real property and superficies rights shall be recorded on the day of delivery.

#### Article 20      Time to Record Key Money, etc., Generated from Lease Contracts for Real Estate Holdings,

etc.

Key money or rights money (hereinafter referred to as “Key Money, etc.”) generated from the lease contract of the real estate, etc., held shall be recorded as revenue over the corresponding period according to its nature thereof, or when it is determined that such Key Money, etc., shall not be returned to the lessee, etc., the amount determined not to be returned shall be recorded as revenue.

Article 21 Security Deposits, etc., Generated from Lease Contracts for Real Estate Holdings, etc.

With respect to security deposits, etc., temporarily received in trust property or assets such as REIT, etc., such amount shall be recorded in the assets section and the amount equivalent to such amount shall be recorded in the liabilities section as repayment obligations.

Article 22 Repair Costs for Real Estate Holdings

When repairs to real estate etc., held (excluding capital expenditures; the same shall apply hereinafter) takes place, in principle, the expenses for said repair shall be recorded in the period in which such repairs occurred.

Article 23 Capital Expenditures Pertaining to Real Estate Holdings, etc.

If capital expenditures are made for real estate holdings, etc., during the accounting period, the amount equivalent to the expenses required for such capital expenditures shall be added to the book value of such real estate, etc., at the end of the preceding accounting period.

Article 24 Disclosure of Capital Expenditures for Real Estate Holdings etc.

1. When the implementation plan for capital expenditure (excluding capital expenditures that can be recorded as deductible expenses for repair reserves, etc.) specified in the By-laws has been finalized for the real estate holdings, etc., the following matters shall be stated in the Management Report, etc., and prospectus delivered to investors prior to the execution of such capital expenditures:
  - (1) Name and location of the real estate for which capital expenditure is to be made
  - (2) Purpose of capital expenditure
  - (3) Scheduled period
  - (4) Estimated amount
  - (5) Estimated amount of increase in the book value of said real estate after capital expenditures
2. When it becomes necessary to make capital expenditures on real estate that is held due to a natural catastrophe, etc., public notice to that effect shall be given promptly in the manner set forth in the Basic Terms and Conditions, etc., and the matters set forth in the respective items of the preceding paragraph shall be stated in the Management Report, etc., for the accounting period in which the day it becomes necessary to make capital expenditures falls.
3. The provision of Paragraph 1 shall apply mutatis mutandis to cases where an implementation plan pertaining to capital expenditures is completed. In this case, the term “when the implementation plan has been finalized” in the main clause of Paragraph 1 shall be deemed to be replaced with “when the implementation plan is completed,” the term “prior to the execution” shall be deemed to be replaced with

“after the execution,” the term “real estate for which capital expenditure is to be made” in Item 1 of the same paragraph shall be deemed to be replaced with “real estate for which capital expenditure was made,” the term “purpose of capital expenditure” in Item 2 shall be deemed to be replaced with “purpose for which capital expenditure was made” the term “scheduled period” in Item 3 shall be deemed to be replaced with “period”; the term “estimated amount” in Item 4 shall be deemed to be replaced with “amount,” and the term “estimated amount of increase” in Item 5 shall be deemed to be replaced with “amount of increase.”

\* Article 4 of the By-laws

#### Article 24-2 Restrictions on Countries and Regions Subject to Investment

In the event that the Operating Company gives instructions to acquire real estate, etc., located outside Japan or asset-backed securities, etc., for which the primary investment target is real estate, etc., located outside Japan (hereinafter referred to as “Foreign Real Estate, etc.”) for the purpose of investment in the Entrusted REIT, etc., the country or region where such property is located must satisfy the following requirements:

- (1) Laws, etc. must be in place to properly secure rights related to the use, income, and disposal of real estate, etc.
- (2) A registration system, etc., must be in place in order to assert the details of the rights pertaining to real estate, etc., against a third party.
- (3) Legal systems, etc. shall be in place to properly conclude and fulfill transaction contracts related to real estate, etc.
- (4) The rate of exchange for the currency to be used in the transaction shall be properly published and may be converted into Japanese currency if necessary without delay.
- (5) An environment that allows for the proper settlement and remittance of funds shall be in place.
- (6) A dispute resolution system such as a court system shall be in place.

#### Article 24-3 Matters to Observe Regarding Acquisition of Foreign Real Estate, etc.

When the Operating Company gives instructions to acquire Foreign Real Estate, etc., through Entrusted REIT, etc., the matters specified in each of the following items shall be observed in order to protect the beneficiaries and investors:

- (1) Conduct the same level of research as when acquiring properties in Japan.
- (2) Obtain basic materials such as appraisal reports, etc., with the same level of information details and accuracy as when acquiring properties in Japan.
- (3) Take necessary measures for appropriate management and collection of leases, etc., such as selecting a local agent in accordance with the actual circumstances of the local countries and regions.
- (4) Take necessary measures to properly obtain information on the local countries, regions, and the property.

#### Article 24-4 Development of Internal System for Operating Company of Investment Corporation which

Invests in Foreign Real Estate, etc.

When the Operating Company gives instructions to acquire Foreign Real Estate, etc., through Entrusted REIT, etc., an internal system capable of appropriately performing the matters specified in each of the following items must be established:

- (1) Disclosure of information on Foreign Real Estate, etc., and local countries and regions.
- (2) Retention in Japan of records of business communications, etc., with asset management companies, etc., in local countries and regions.
- (3) Acquisition of information from the local countries and regions and timely and appropriate response to such information.
- (4) Timely disclosure regarding occurrence of disasters, etc.

#### Article 24-5 Special Provisions for Health Care Facilities

In the event that the Operating Company invests in health care facilities (meaning “housing for the elderly with services” as defined in Article 5 of the Act on Stable Supply of Residences for the Elderly (Act No. 26 of 2001), a “fee-based home for the elderly” as defined in Article 29 of the Act on Social Welfare for the Elderly (Act No. 133 of 1963) and “group homes for the elderly with dementia” as defined in Article 5-2, Paragraph 6 of the said Act, and hereinafter referred to as “Health Care Facilities”) as investment targets for REIT, etc., the Management Company shall establish an internal system capable of appropriately performing the matters set forth in the following items in accordance with the scale and nature of the business concerned.

- (1) Measures that take the actual circumstances, etc., of the business operator who operates the Health Care Facilities (hereinafter referred to as “operator”) into consideration in obtaining necessary information from the operator when investing in Health Care Facilities.
- (2) Provision of information to facility users and other measures to ensure that the inclusion of Health Care Facilities as investment targets for REIT, etc., does not cause anxiety among facility users.
- (3) Disclosure to investors of circumstances specific to Health Care Facilities in addition to general disclosure items

## Chapter 2: Investment trust

### Section 1. General Provisions

#### Article 25 Minimum Net Asset Value of REIT

1. In principle, the minimum amount of net assets to be held by the real estate investment trust at all times (hereinafter referred to as the “Minimum Net Asset Value”) shall be 100 million yen.

However, this shall not apply to a privately placed real estate investment trust.

2. In the case of a REIT, if the amount of such net asset value falls below the Minimum Net Asset Value stipulated in the preceding paragraph, no instructions for the borrowing of new funds or distribution of profits shall be given until the amount of net assets exceeds the Minimum Net Asset Value.

## Section 2. Closed-End Type Investment Trusts

### Article 26 Calculation Method for the Base Value of Closed-End Type Investment Trusts

The base value for a Closed-End Type Investment Trust shall be the quotient obtained by dividing the total amount of assets, plus or minus gains or losses on valuation of assets required to be valued at the market value under laws and regulations for securities, etc., less depreciation and debts pertaining to real estate holdings, by the total number of units of beneficial interest.

### Article 27 Profit Distribution Sources for Closed-End Type Investment Trusts

Closed-End Type Investment Trusts may distribute in full the amount obtained (hereinafter referred to as "Investment Trust Income") by deducting the total amount of expenses, depreciation, and deficit carried forward for the relevant accounting period for taxes and levies, etc., (including the interest expense for the relevant accounting period; the same shall apply hereinafter) from the total amount of profit or loss on sales of retained real estate, etc., lease revenue, (including Key Money, etc., or security deposits, etc., determined not to be returned to the lessee, etc.; the same shall apply hereinafter), gain or loss on securities transactions, interest and dividends on retained real estate and retained securities, etc., and profit carried forward.

### Article 28 Refund of Investment Principal of Closed-End Type Investment Trusts

1. A Closed-End Type Investment Trust shall be entitled to refund the investment principal up to an amount equivalent to 60% of the amount of depreciation to be recorded at the end of the accounting period.
2. For privately placed Closed-End Type Investment Trusts, if the amount of Investment Trust Income is less than the amount of income calculated for tax purposes, notwithstanding the provisions of the preceding paragraph, the principal of investment in combination with the Investment Trust Income amount may be refunded up to the amount calculated based on the Tax Act.

### Article 28-2 Measures for Continuous Refund of Investment Principal for Each Period

In the event that the investment principal prescribed in Paragraph 1 of the preceding article is refunded every period on a continuous basis, the following matters must be observed:

- (1) The distribution policy in the Basic Terms and Conditions shall mention that the investment principal shall be refunded every period on a continuous basis, and describe the concept thereof.
- (2) As a policy for the implementation of continuous refunds of investment principal each period, internal rules, etc., shall be established that stipulate the distribution of profits and disclosure of investment principal refunds categories and other matters specified in the By-laws.
- (3) The concept of implementing continuous refunds of investment principal each period shall be mentioned in the securities registration statement, annual securities report, and prospectus, as well as disclosed on the website, etc., upon presenting objective grounds based on rational data, etc., (past data on settlements, engineering reports, etc.)

In addition, in order to make it easy to understand that this is a refund of the investment principal, efforts shall be made to use simple expressions such as illustrations.

- (4) When making a continuous refund of the investment principal each period, the Management Report

shall clearly state that the money is not a distribution of profit but a refund of investment principal, and explanatory notes, etc., shall be made in the relevant section of the Management Report, upon presenting objective grounds for the validity of the standard for such refund based on rational data, etc. (past data on settlements, engineering reports, etc.)

- (5) When making a continuous refund of the investment principal each period, consideration shall be given so as not to affect the long-term repair plan stipulated in Article 9, Paragraph 2, Item 6, and explanatory notes, etc., shall be made in the relevant section of the Asset Management Plan and the Management Report so that investors can understand the concept, upon presenting objective grounds for such concept based on rational data, etc. (past data on settlements, engineering reports, etc.)

\* Article 5 of the By-laws

#### Article 28-3 Refund of Investment Principal Other Than Continuous Refund of Investment Principal Each Period

When making refund of the investment principal in a manner other than continuous refund of the investment principal each period as stipulated in the preceding article, sufficient consideration shall be given to the matters stipulated in the By-laws as set forth in Item 2 of the preceding article.

The Management Report shall clearly state that the money is not a distribution of profit but a refund of investment principal, and explanatory notes, etc., shall be made in the relevant section of the Management Report upon presenting objective grounds and reasons for the validity of the standard for such refund of the investment principal.

#### Article 29 Method of Recording Lease Revenue for Closed-End Type Investment Trusts

Lease revenue generated from real estate holdings shall be recorded as revenue in the amount corresponding to the accounting period.

#### Article 30 Method of Recording Taxes and Levies for Closed-End Type Investment Trusts

1. Taxes and levies such as fixed asset taxes, etc., that are constantly incurred on the real estate held shall be recorded as expenses in an amount corresponding to such accounting period.
2. Taxes and levies such as real estate acquisition taxes, etc. which are temporarily incurred by acquisition or sale of real estate shall be recorded as expenses on the date the payment of such taxes and levies is finalized. However, any future fixed property tax, real estate acquisition tax, registration and license tax at the time of acquisition of real estate, etc., may be recorded as the acquisition value.

#### Article 31 Method of Recording Trust Fees for Closed-End Type Investment Trusts

Trust fees shall be recorded as expenses for each accounting period in the amount corresponding to such accounting period.

#### Article 32 Trust Management Fee for Real Estate, etc., Held by Closed-End Type Investment Trusts

The trust management fee for the real estate, etc., held shall be recorded as expenses in the amount



corresponding to the relevant accounting period in accordance with the details of the trust management agreement.

**Article 33 Frequency of Calculation for Base Value for Listed Closed-End Type Investment Trusts**

Listed Closed-End Type Investment Trusts shall calculate and publish the base value at the end of each accounting period and at the end of the interim accounting period.

**Article 34 Frequency of Calculation for Base Value of Unlisted Closed-End Type Investment Trusts**

The unlisted Closed-End Type Investment Trusts (excluding privately placed investment trusts) shall calculate and publish the base value at the end of each accounting period and interim accounting period, and at the end of each month.

**Section 3. Open-End Type Investment Trust**

**Article 35 Matters to Be Noted in Management of Open-End Type Investment Trusts**

In managing assets such as real estate, etc. and asset-backed securities in Open-End Type Investment Trusts, attention shall be paid to the liquidity of the assets to be managed, and that effect shall be stipulated in the Basic Terms and Conditions.

**Article 36 Method of Calculating the Base Value of Open-End Type Investment Trusts**

The base value of an Open-End Type Investment Trusts shall be the amount obtained by adding or subtracting the valuation profit or loss on the assets held to/from the total amount of assets (for real estate held, etc., the amount shall be the value of the said real estate, etc., calculated in accordance with the provisions of Article 5, less the amount obtained by deducting the depreciation expenses for the period from beginning of the accounting period to which the relevant calculation date belongs until the calculation date from the book value; the same shall apply hereinafter) and subtracting any liabilities from the amount and dividing it by the total number of units of beneficial interest.

**Article 37 Profit Distribution Sources and Refund of Investment Principal of Open-End Type Investment Trusts**

1. The distributable amount of profit from an Open-End Type Investment Trust shall be within the range of any of the larger amounts calculated based on the calculation methods listed in the following items:
  - (1) The entire amount obtained by deducing the total amount of expenses relevant to the accounting period, such as taxes and levies, depreciation expenses for the current period and deficit carried forward, from the total amount of profits or losses on sales and purchases of real estate held, etc., lease revenue, gains or losses on securities transactions, interest and dividends on real estate held etc. and securities held, valuation profits or losses on assets held at the end of the accounting period (for real estate, rights of lease of real property, and superficies rights, the amount obtained by deducting the book value (the amount obtained by deducting the depreciation amount for the relevant accounting period) from the

valuation price of the asset calculated in accordance with the provisions of Article 5), and profit carried forward.

- (2) The total amount of profits or losses on sale and purchase of real estate held, etc., lease revenue, gains or losses on securities transactions, interest and dividends etc., on real estate held etc., and securities held, and profit carried forward incurred during the accounting period, less the total amount of expenses, depreciation and losses carried forward for the accounting period such as taxes and levies.
2. With respect to privately placed Open-End Type Investment Trusts, if the distributable amount of profit prescribed in the preceding paragraph is less than the amount of income calculated for tax purposes, notwithstanding the provisions of the preceding paragraph, the investment principal together with the distributable amount of profit may be refunded up to the amount of income calculated for such tax purposes.

#### Article 37-2 Refund of Investment Principal of Open-End Type Investment Trusts Privately Placed by Qualified Institutional Investors

1. Open-End Type Investment Trusts privately placed by qualified institutional investors (meaning private placements by qualified institutional investors as stipulated in Article 2, Paragraph 9 of the Investment Trust Act; the same shall apply hereinafter) may be distributed as refund of the investment principal up to the amount equivalent to the depreciation expense to be recorded at the end of the accounting period.
2. When the investment principal is refunded based on the provisions of the preceding paragraph, the Management Report shall clearly state that the money is not a distribution of profit but a refund of investment principal, and shall strive to prevent the investor from confusing such money with distribution of profits.

#### Article 38 Mutatis Mutandis Application of Open-End Type Investment Trusts

The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue from Open-End Type Investment Trusts, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, the provisions of Article 31 shall apply mutatis mutandis to the recording of trust fees, and the provisions of Article 32 shall apply mutatis mutandis to the recording of trust management fees.

#### Article 39 Frequency of Calculation for Base Value for Open-End Type Investment Trusts

In principle, the base value of Open-End Type Investment Trusts shall be calculated and published on the last date of each accounting period and the last date of the interim accounting period as well as the date specified in the Basic Terms and Conditions on which investors and beneficiaries are able to directly apply for establishment of additional trust or partial early cancellation of the investment trust property, as well as five business days prior to the date.

#### Article 40 Value of Establishment or Early Cancellation of Open-End Type Investment Trusts

If additional establishment or partial early cancellation of the investment trust property is directly made during the accounting period or at the end of the accounting period based on requests from the investors and the

beneficiaries, such additional establishment or partial early cancellation shall be made using the base value on the date when the request is made.

### Chapter 3: Investment Corporation

#### Section 1. Closed-End Type Investment Corporation

##### Article 41 Method of Calculating the Base Value of Closed-End Type Investment Corporations

The provisions of Article 26 shall apply mutatis mutandis to the method of calculating the base value of Closed-End Type Investment Corporations. In this case, the term “Closed-End Type Investment Trust” in the article shall be deemed to be replaced with “Closed-End Type Investment Corporation” and the term “total number of units of beneficial interest” in said article shall be deemed to be replaced with “number of investment units issued.”

##### Article 42 Profit Distribution Sources for Closed-End Type Investment Corporations

1. A Closed-End Type Investment Corporation may distribute the entire amount of profits (meaning profits as defined in Article 136, Paragraph 1 of the Investment Trust Act; the same shall apply hereinafter)
2. Notwithstanding the provisions of the preceding paragraph, in the event of discrepancy between book and tax accounting (meaning discrepancies stipulated in Article 2, Paragraph 2, Item 29 of the Ordinance on Investment Corporation’s Financial Statements; the same shall apply hereinafter), a Closed-End Type Investment Corporation may take any of the following actions:
  - (1) The amount equivalent to the increase in the allowance for temporary difference, etc. adjustments (meaning what is stipulated in Article 2, Paragraph 2, Item 30 of the Ordinance on Investment Corporation’s Financial Statements; the same shall apply hereinafter) shall be distributed by applying it to the unappropriated retained earnings in the amount of profit stipulated in the preceding paragraph.
  - (2) The amount equivalent to the reserve for temporary difference adjustments (meaning what is stipulated in Article 2, Paragraph 2, Item 31 of the Ordinance on Investment Corporation’s Financial Statements; the same shall apply hereinafter) shall be reserved by subtracting the amount as voluntary retained earnings from the unappropriated retained earning in the amount of profit stipulated in the preceding paragraph.

##### Article 42-2 Settlement of Foreign Income Tax of Closed-End Type Investment Corporations

A Closed-End Type Investment Corporation that has paid foreign income tax in the country where its assets are located during the period shall calculate the following data at the end of the period:

- (1) Ratio of assets denominated in foreign currencies

The net assets denominated in foreign currencies at the end of the period (the amount obtained by subtracting the amount of yen-denominated assets from the amount recorded as total assets in the balance sheet for the relevant accounting period) divided by total net assets of trust property at the end of the period (recorded as total assets in the balance sheet for the relevant accounting period). The upper limit shall be 1 and maximum one digit of integer with decimal numbers truncated beyond the fourth

decimal place.

(2) Foreign Income Tax per Yen of Distribution

Foreign income taxes during the period (the total amount of foreign income taxes paid by the investment corporation from the beginning to the end of the period) divided by the amount of dividends (the amount recorded as the amount of dividends in the statement of cash distributions for the relevant accounting period.) Maximum one digit of integer with decimal numbers truncated beyond the tenth decimal place. When the ratio of assets denominated in foreign currencies is 0, foreign income tax per yen of distribution shall also be 0.

(3) Domestic Income Tax per Yen of Distribution

The amount obtained by dividing the amount of domestic income tax at the end of the period by the amount of dividends (Amount recorded as the amount of cash distributions in the statement of cash distributions for the relevant accounting period). Maximum one digit of integer with decimal numbers truncated beyond the tenth decimal place

Article 42-3            Communication on Settlement of Accounts for Foreign Income Tax for Closed-End Type Investment Corporations

1. Data calculated in accordance with the provisions of the preceding article shall be converted into a csv file along with other data on payment of dividends on the date the financial statements are approved by the board of officers and communicated to the sales companies. In this case, the starting date for payment of dividends shall be the day after the expiration of 15 business days from the closing date.
2. The csv file communicated to the sales companies pursuant to the provisions of the preceding paragraph shall be posted on the website of the investment corporation on the date the financial statements are approved by the board of officers.

Article 43            Refund of Capital Contributions Which Falls Under the Category of Distribution for Reduction of Capital Contributions etc., under the Tax Act for Closed-End Type Investment Corporations

A Closed-End Type Investment Corporation shall be entitled to make refunds of capital contributions which fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, up to an amount equivalent to 60% of the amount obtained by deducting the total amount of accumulated depreciation calculated at the end of the previous accounting period from the total amount of accumulated depreciation recorded at the end of the accounting period.

Article 43-2            Treatment of Reversal of the Reserve for Temporary Difference Adjustments and Reversal of the Allowance for Temporary Difference Adjustments for Closed-End Type Investment Corporations

In the event that a Closed-End Type Investment Corporation records the allowance for temporary difference adjustments or reserve for temporary difference adjustments, from the following period onward, the amount of reversal of the reserve for temporary difference adjustments (meaning the process noted in the balance sheet in accordance with the provisions of Article 62, Item 13 of the Ordinance on Investment Corporation's Financial Statements or the amount generated by the reversal of the reserve for temporary difference adjustments in lieu

of recording the amount of allowance for temporary difference adjustments; the same shall apply hereinafter) shall be added to the unappropriated retained earnings in the amount of profit and the amount of reversal of the allowance for temporary difference adjustments (meaning the amount generated by the process noted in the balance sheet in accordance with the provisions of Article 62, Item 13 of the Ordinance on Investment Corporation's Financial Statements; the same shall apply hereinafter) shall be subtracted from the earnings.

Article 43-3 Description in Other Explanatory Notes in the Event of Discrepancy between Book and Tax Accounting

If the establishment of allowance for temporary difference adjustments or reserve for temporary difference adjustments or the reversals thereof are stated in the statement of cash distributions for the accounting period of investment corporations in accordance with the Article 42, Paragraph 2 or the preceding article, the matters listed in the following items shall be stated as other explanatory notes in relation to the allowance for temporary difference adjustments or reserve for temporary difference adjustments:

- (1) Allowance for Temporary Difference Adjustments
  - (i) Reasons for establishing the allowances and reversals, and assets generated, etc.
  - (ii) Amount for the allowance and reversal
  - (iii) Specific method of reversal
- (2) Reserve for Temporary Difference Adjustments
  - (i) Reasons for establishing reserves and reversals, etc.
  - (ii) Amount of reserves and reversals
  - (iii) Specific method of reversal (with respect to reversal resulting from negative goodwill or differences in the book value of assets resulting from a merger, the expected reversal period (which shall be within 50 years) and method of reversal (which shall be at least equal amount of reversal per each period) shall also be described.)

Article 43-3-2 Description in the Explanatory Notes Concerning the Balance Sheet in the Event of Discrepancy between Book and Tax Accounting

In accordance with the provisions of Article 42, Paragraph 2 and Article 43-2, if there is any increase or decrease in and recording of the allowance for temporary difference adjustments or the reserve for temporary difference adjustments in the balance sheet, the following matters shall be stated in the explanatory notes for the balance sheet:

- (1) Allowance for Temporary Difference Adjustments
  - (i) Reasons for establishing the allowances and reversals, and assets generated, etc.
  - (ii) Initial amount occurred
  - (iii) Opening balance of the current period, allowance for the current period (increase), reversal for the current period (decrease), closing balance at the end of the current period
  - (iv) Specific method of reversal
- (2) Reserve for Temporary Difference Adjustments
  - (i) Reasons for establishing reserves and reversals, etc.

- (ii) Initial amount occurred
- (iii) Opening balance of the current period, accumulation for the current period (increase), reversal for the current period (decrease), balance at the end of the current period
- (iv) Specific method of reversal (with respect to reversal resulting from negative goodwill or differences in the book value of assets resulting from a merger, the expected reversal period (which shall be within 50 years) and method of reversal (which shall be at least equal amount of reversal per each period) shall also be described.)

Article 43-4 Measures for Implementing Continuous Refund of Capital Contributions Each Period That Falls under the Category of Reduction of Capital Contributions, etc., under the Tax Act.

When making continuous refunds of capital contributions each month which falls under the category of distributions for reduction of capital contributions etc., under the Tax Act, as stipulated in Article 43, the following matters shall be observed:

- (1) The distribution policy in the Certificate of Incorporation shall state that continuous refunds of capital contributions that fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, shall be made each period, and describe the concept thereof.
- (2) Establish internal rules, etc. that provide for the disclosure of the distinction between the distribution of profits and the refunds of capital contributions and other matters specified in the By-laws as a policy for the implementation of continuous refunds of capital contributions each period that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act.
- (3) The concept of implementing continuous refunds of capital contributions each period that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, shall be clearly stated in the securities registration statement, annual securities report as well as prospectus and disclosed on the website, etc., upon presenting objective grounds for such concept based on rational data, etc. (past data on settlements, engineering reports, etc.)

In addition, in order to make it easy to understand that this is a refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, efforts shall be made to use simple expressions such as illustrations.

- (4) When making continuous refunds of capital contributions each period that fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, in addition to clearly stating in the asset management report that such money is not a distribution of profits but refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, explanatory notes, etc., shall be made in the relevant section of the asset management report upon presenting objective grounds for the validity of the standard for such refund of capital contributions, etc., based on rational data, etc., (past data on settlements, engineering reports, etc.)
- (5) When making continuous refunds of capital contributions each period that fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, consideration shall be given so as not to affect the long-term repair plan stipulated in Article 9, Paragraph 2, Item 6, and upon

presenting objective grounds for such concept based on rational data, etc., (past data on settlements, engineering reports, etc.) explanatory notes, etc., shall be made in the relevant section of the Asset Management Plan and asset management report so that investors can understand the concept.

\* By-laws Article 5-2

Article 43-5 Refund of Capital Contributions That Falls under the Category of Distributions for Reduction of Capital Contributions, etc., under the Tax Act Other Than Refund of Capital Contribution That Falls under the Continuous Distribution for Reduction of Capital Contributions, etc. for Each Period under the Tax Act

For refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act other than the refund of capital contribution that falls under the continuous distribution for reduction of capital contributions, etc. for each period under the Tax Act stipulated in the preceding article, sufficient consideration shall be given to the matters stipulated in the By-laws as set forth in Item 2 of the preceding article.

The management report shall clearly state that the money is not a distribution of profit but a refund of capital contributions, etc., that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, and explanatory notes, etc., shall be made in the relevant section of the management report upon presenting objective grounds and reasons for the validity of the standard for such refund.

Article 44 Mutatis Mutandis Application of the Method of Recording Lease Revenue for Closed-End Type Investment Corporation

1. The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue of a Closed-End Type Investment Corporation, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, and the provisions of Article 32 shall apply mutatis mutandis to the recording of trust management fees for real estate held, etc.
2. The provisions of Article 31 shall apply mutatis mutandis to the recording of remuneration paid by a Closed-End Type Investment Corporation. In this case, the term “trust fees” in said article shall be deemed to be replaced with “remuneration to be paid by the investment corporation to the relevant parties based on the contract concluded between the investment corporation, the operating company that manages assets, the general administration trustee, and the asset custodian company.”
3. The provisions of Article 33 shall apply mutatis mutandis to the frequency of calculation of the base value of a listed Closed-End Type Investment Corporation, and the provisions of Article 34 shall apply mutatis mutandis to the frequency of calculation of the base value of a non-listed Closed-End Type Investment Corporation. In this case, the term “Closed-End Type Investment Trust” in Article 33 and Article 34 shall be deemed to be replaced with “Closed-End Type Investment Corporation.”

Article 45 Points to Consider concerning the Issuance of Investment Corporation Bonds

When a Closed-End Type Investment Corporation issues investment corporation bonds under the provisions of Article 139-2 of the Investment Trust Act, the terms and conditions for issuance of such investment corporation

bonds such as maturity date, method of redemption, interest rate and method of payment of interest shall be appropriately established in consideration of the status of assets of such investment corporation.

Article 46           Points to Consider concerning the Issuance of Short-Term Investment Corporation Bonds  
When a Closed-End Type Investment Corporation issues short-term investment corporation bonds under the provisions of Article 139-12 of the Investment Trust Act, the conditions for issuance of such short-term investment corporation bonds, such as the issue value and redemption value thereof, shall be established appropriately in consideration of the status of the assets of such investment corporation.

Article 46-2         Points to Consider concerning the Issuance of Investment Equity Subscription Rights  
When a Closed-End Type Investment Corporation issues investment equity subscription rights under the provisions of Article 88-4 of the Investment Trust Act, the conditions of issuance, such as the exercise expiry date of the said investment equity subscription rights, the amount of money to be contributed upon exercise, or the calculation method thereof, shall be established appropriately in consideration of the status of the assets of the said investment corporation.

## Section 2.           Open-End Type Investment Corporation

Article 47           Mutatis Mutandis Application Concerning Method of Calculation for the Base Value of  
Open-End Type Investment Corporation

1. The provisions of Article 35 shall apply mutatis mutandis to the investment in real estate, etc., and asset-backed securities, etc., of an Open-End Type Investment Corporation. In this case, the term “Open-End Type Investment Trust” in said article shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “Basic Terms and Conditions” in said article shall be deemed to be replaced with the “Certificate of Incorporation”
2. The provisions of Article 36 shall apply mutatis mutandis to the calculation of the base value of an Open-End Type Investment Corporation. In this case, the term “Open-End Type Investment Trust” in the Article shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “total number of units of beneficial interest” in the article shall be deemed to be replaced with “units of investment equity.”
3. The provisions of Article 42, Article 43-2, Article 43-3 and Article 43-3-2 shall apply mutatis mutandis to the distribution of profits and description in the explanatory notes in the event of discrepancy between book and tax accounting of the Open-End Type Investment Corporation. In this case, the term “Closed-End Type Investment Corporation” in Article 42 and Article 43-2 shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “may distribute the entire amount of profits” in Article 42, Paragraph 1. ” shall be deemed to be replaced with “may distribute the entire amount of profits or the sum of the amount of profits and the amount of valuation loss or profit on assets held at the end of the accounting period (with regard to real estate, rights of lease of real property and superficies rights, the amount of the valuation loss or profit on such assets calculated under the provisions of Article 5,



less book value (the amount less depreciation for such accounting period)), whichever is greater. ”

4. The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue of an Open-End Type Investment Corporation, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, and the provisions of Article 32 shall apply mutatis mutandis to the recording of trust management fees.
5. The provisions of Article 44, Paragraph 2 as applied mutatis mutandis to Article 31 shall apply mutatis mutandis to the recording of remunerations paid by Open-End Type Investment Corporations.
6. The provisions of Article 39 shall apply mutatis mutandis to the frequency of calculation of the base value of an Open-End Type Investment Corporation. In this case, the term “Open-End Type Investment Trust” in said article shall be deemed to be replaced with “Open-End Type Investment Corporation,” the term “beneficiary” shall be deemed to be replaced with “investor,” and the term “application for additional establishment or partial early cancellation of investment trust property” shall be deemed to be replaced with “application for additional issuance of investment equity units or request for refund to the investment corporation.”

#### Article 47-2 Refund of Capital Contributions Made by Open-End Type Investment Corporations for Qualified Institutional Investors

1. Of the Open-End Type Investment Corporations, an investment corporation that solicits only qualified institutional investors (as defined in Article 2, Paragraph 3, Item 1 of the FIEA) and issues investment units that satisfy the requirements as defined in Article 1-4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) as those that are not likely to be transferred to persons other than qualified institutional investors (hereinafter referred to as an “Open-End Type Investment Corporation for Qualified Institutional Investors”) shall be able to make refunds of capital contributions up to the amount equivalent to the depreciation expense recorded on the last date of the accounting period.
2. In the event of a refund of contributions in accordance with the preceding paragraph, the investment corporation shall clearly state in the asset management report that the money in question is not a distribution of profits but a refund of capital contributions, and shall strive to prevent investors from confusing such money with distributions of profits.

#### Article 47-3 Special Provisions on Frequency of Calculation of Base Value of Open-End Type Investment Corporation for Qualified Institutional Investors

Notwithstanding the provisions of Article 47, Paragraph 6, the frequency of calculation of the base value of Open-End Type Investment Corporation for Qualified Institutional Investors can be calculated only on the last date of each accounting period. In this case, the investors shall be notified promptly after calculating the base value.

#### Article 47-4 Settlement of Foreign Income Taxes of Open-End Type Investment Corporations

An Open-End Type Investment Corporation that has paid foreign income taxes in the country in which its

assets are located during the period shall calculate the following data at the end of the period:

(1) Ratio of assets denominated in foreign currencies

The net assets denominated in foreign currencies at the end of the period (the amount obtained by subtracting the amount of yen-denominated assets from the amount recorded as total assets in the balance sheet for the relevant accounting period) divided by total net assets of trust property at the end of the period (recorded as total assets in the balance sheet for the relevant accounting period). The upper limit shall be 1 and maximum one digit of integer with decimal numbers truncated beyond the fourth decimal place.

(2) Foreign Income Tax per Yen of Distribution

Foreign income taxes during the period (the total amount of foreign income taxes paid by the investment corporation from the beginning to the end of the period) divided by the amount of dividends (the amount recorded as the amount of dividends in the statement of cash distributions for the relevant accounting period.) The upper limit shall be 1 and maximum 1 digit of integer with decimal numbers truncated beyond the tenth decimal place.

(3) Domestic Income Tax per Yen of Distribution

The amount obtained by dividing the amount of domestic income tax at the end of the period by the amount of dividends (Amount recorded as the amount of cash distributions in the statement of cash distributions for the relevant accounting period). Maximum one digit of integer with decimal numbers truncated beyond the tenth decimal place

Article 47-5            Communication on Settlement of Accounts for Foreign Income Taxes of Open-End Type Investment Corporations

The data calculated in accordance with the provisions of the preceding article shall be communicated to the sales companies on the date the financial statements are approved by the board of officers along with other data concerning payment of distributions. In this case, if the ratio of assets denominated in foreign currencies is 0, foreign income tax per yen of distribution shall also be 0.

Article 48            Value of Additional Issuance and Refund of Open-End Type Investment Corporation

1. When any additional issuance or refund of investment equity units is made based on the requested by the investors or the unitholders, such additional issuance or refund shall be made using the base value on the date of the request from investors and unitholders.
2. With respect to Open-End Type Investment Corporation for Qualified Institutional Investors to which the provisions of Article 47-3 have been applied, notwithstanding the provisions of the preceding paragraph, such application shall be made by using the base value of the last date of the accounting period immediately preceding the date requested by the investor or the unitholder.

Article 48-2           Mutatis Mutandis Application of Considerations concerning Issuance of Investment Equity Subscription Rights of Open-End Type Investment Corporations

The provisions of Article 46-2 shall apply mutatis mutandis to Open-End Type Investment Corporations. In

this case, the term “Closed-End Type Investment Corporation” in said article shall be deemed to be replaced with “Open-End type Investment Corporation.”

#### Chapter 4: Miscellaneous Provisions

##### Article 49 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

##### Article 50 Others

Matters concerning real estate investment trusts and real estate investment corporations that are not stipulated in these Rules may be determined by a resolution of the Board of Directors.

##### Article 51 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors.).

##### Supplementary Provision

These Rules shall come into effect on March 16, 2001.

##### Supplementary Provision

This amendment shall come into effect on May 24, 2001.

##### Supplementary Provision

This amendment shall come into effect on September 21, 2001.

##### Supplementary Provision

This amendment shall come into effect on April 1, 2004.

##### Supplementary Provision

This amendment shall come into effect on November 18, 2005.

##### Supplementary Provision

This amendment shall come into effect on May 1, 2006.

Supplementary Provision

This amendment shall come into effect on February 16, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on February 15, 2008.

Supplementary Provision

This amendment shall be implemented from the date of approval by the competent authority (March 31, 2008).

Supplementary Provision

This amendment shall come into effect on May 16, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on September 16, 2009.

Supplementary Provision

This amendment shall come into effect on May 20, 2010.

Supplementary Provision

This amendment shall come into effect on December 20, 2012.

\* The amended provisions are as follows:

Article 27, Article 28, Article 28-2, Article 28-3, Article 37, Article 42, Article 43, Article 43-2, Article 43-3, Article 47-2  
are amended

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

\* The amended provisions are as follows:

Articles 4 and 51 are amended.

Supplementary Provisions

This amendment shall come into effect on May 15, 2014.

However, the application of the amended provisions to the investment trust property or investment corporation whose accounting period or business year has commenced on the effective date may be made from the commencement of a new accounting period or business year.

\* The amended provisions are as follows:

Article 24-5 is amended.

#### Supplementary Provisions

This amendment shall come into effect on December 1, 2014 and shall apply to investment corporations that commence their business period before the effective date and end their business period after the effective date.

\* The amended provisions are as follows:

Article 46-2 and Article 48-2 are newly established.

#### Supplementary Provisions

1. This amendment shall come into effect as of the effective date (April 1, 2015) of the revised Accounting Regulation for Investment Corporation (referred to as the “New Ordinance on Investment Corporation’s Financial Statements” in Paragraph 3).
2. With respect to the calculation of profit distributions and the financial statements to be prepared for the business period of an investment corporation that commenced prior to the effective date of these revised rules, the provisions then in force shall remain applicable.
3. If any amount of voluntary reserves and unappropriated retained earnings shown on the balance sheet pertaining to the business period which includes the effective date thereof (excluding any amount appropriated as cash distribution for the current business period) is subdivided into profits arising from negative goodwill set forth in Article 48, Paragraph 3 of the Ordinance on Investment Corporation’s Financial Statements prior to amendment during any business period prior to such business period, such amount shall be set aside as reserve for temporary difference adjustments in the statement of cash distribution for any business period ending on the date on which two years have passed since the effective date of the New Ordinance on Investment Corporation’s Financial Statements.
4. With regard to the application of the provisions of Article 12-2 until the time the reserve for temporary difference adjustments is set aside in accordance with the preceding paragraph, the provisions then in force shall remain applicable.

\* The amended provisions are as follows:

(1) Articles 12-2 and Paragraph 2 of Article 43 are deleted.

(2) Amended Articles 27, 28, 37, Paragraph 1 of Article 42, Paragraph 1 of Article 43, Article 43-4, Article 43-5, and Paragraph 3 of Article 47.

(3) Newly established Paragraph 2 of Article 42 and Article 43-3-2.

(4) Newly established Articles 43-2 and 43-3, and the former Articles 43-2 and 43-3 were shifted to Articles 43-4 and 43-5.

#### Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

Amended Article 1; Article 3, Paragraph 1; Article 3, Paragraph 3, Item 3; Article 3, Paragraph 4; Article 3, Paragraph 7; Article 8; Article 16; Article 17, Items 2 and 4; Article 18, Paragraph 1; Article 21; Article 24, Paragraph 3; Article 24-3; Article 39; and Article 47, Paragraph 6.

#### Supplementary Provisions

This amendment shall come into effect on March 9, 2017.

Provided, however, that if such amendment is accompanied by a change in the Certificate of Incorporation, such amendment shall be applied on or after the date of amendment of the Certificate of Incorporation for the relevant investment corporation.

\* The amended provisions are as follows:

- (1) Article 3, Paragraph 2, Item 10 and Article 6, Paragraph 1, Item 7 are newly established.
- (2) Amended Article 6, Paragraph 1, Items 1 and 6, and Paragraph 2 of the same article

#### Supplementary Provisions

This amendment shall come into effect on January 1, 2020 and shall apply to any investment corporation from which the unit holders receive distributions on or after that date.

\* The amended provisions are as follows:

Articles 42-2, Article 42-3, Article 47-4 and Article 47-5 are newly established

#### Supplementary Provision

This amendment shall come into effect on March 31, 2021.

\* The amended provisions are as follows:

Articles 19 and 20 are amended. Deleted the proviso of Article 22.

# By-laws on Rules on Real Estate Investment Trusts and Real Estate Investment Corporations

Established on March 19, 2004  
Revised on November 18, 2005  
Revised on February 14, 2006  
Revised on April 11, 2006  
Revised on September 21, 2007  
Revised on September 16, 2009  
Revised on December 20, 2012  
Revised on May 21, 2015

## Article 1 Purpose

These By-laws set forth necessary matters regarding the enforcement of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the “Rules”).

## Article 2 Methods for Valuing Real Estate, etc.

The valuation method specified in the By-laws as prescribed in Article 6, Paragraph 2 of the Rules shall be a method whereby a Settlor Company of Investment Trusts (hereinafter referred to as the “Management Company”) shall value each asset comprising such assets based on the total amount of the values calculated under the provisions of Article 5, Article 7, Paragraph 1 and Article 8 of the Rules, corresponding to the type of each asset.

## Article 3 Appraised Value of Asset-Backed Securities

The valuation method specified in the By-laws as prescribed in Article 7, Paragraph 2 of the Rules shall be the total amount of the values calculated by a Settlor for each asset comprising such assets under the provisions of Article 5, Article 6, Paragraph 1, Article 7, Paragraph 1 and Article 8 of the Rules, corresponding to the type of each asset.

## Article 4 Capital Expenditure

The capital expenditure specified in the By-laws as prescribed in Article 24 of the Rules shall be capital expenditure that is equivalent to 1% or more of the acquisition book value of each individual property held by the real estate investment trust or real estate investment corporation.

## Article 5 Internal Rules, etc. for Closed-End Type Investment Trusts

The matters to be specified in the By-laws as prescribed in Article 28-2, Item 2 of the Rules shall be as follows:

- (1) Separate disclosure of profit distribution and refund of investment principal
- (2) Process for deciding on the implementation of refund of investment principal
- (3) Approach to implementation of refund of investment principal
- (4) Matters to be taken into consideration when implementing the refund of investment principal ((i) Matters affecting cash flow such as medium- to long-term capital needs such as long-term repair plans, etc., (ii) Other necessary matters))

Article 5-2 Internal Rules, etc. for Closed-End Type Investment Corporations

The matters to be specified in the By-laws as prescribed in Article 43-4, Item 2 of the Rules shall be as follows:

- (1) Separate disclosure of profit distribution and refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (2) Process for deciding on the implementation of refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (3) Approach to the implementation of refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (4) Matters to be taken into consideration when implementing the refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act ((i) Matters affecting cash flow such as medium- to long-term capital needs such as long-term repair plans, etc., (ii) Other necessary matters))

Article 6 Deleted

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on November 18, 2005.

Supplementary Provision

This amendment shall come into effect on February 14, 2006.

Supplementary Provision

This amendment shall come into effect on May 1, 2006.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on September 16, 2009.

Supplementary Provision

This amendment shall come into effect on December 20, 2012.



### Supplementary Provisions

1. This amendment shall come into effect as of the effective date (April 1, 2015) of the Revised on Regulation for Investment Corporation Financial Statements (hereinafter referred to as the “New Regulation for Investment Corporation Financial Statements” in Paragraph 3).
2. With respect to the calculation of profit distribution and the financial statements to be prepared for an investment corporation’s business period that commenced prior to the effective date of these Revised on By-laws, the provisions then in force shall remain applicable.
3. If any amount of voluntary reserves and unappropriated retained earnings shown on the balance sheet pertaining to the business period which includes the effective date thereof (excluding any amount appropriated as cash distribution for the current business period) is subdivided into profits arising from negative goodwill set forth in Article 48, Paragraph 3 of the Ordinance on Investment Corporation’s Financial Statements prior to amendment during any business period prior to such business period, such amount shall be set aside as reserve for temporary difference adjustments in the statement of cash distribution for any business period ending on the date on which two years have passed since the effective date of the New Ordinance on Investment Corporation’s Financial Statements.
4. With respect to application of the provisions of Article 6 up to the time when the reserve for temporary difference adjustments is set aside in accordance with the preceding paragraph, the provisions then in force shall remain applicable.

\* The amended provisions are as follows:

- (1) Article 5-2 has been amended.
- (2) Article 6 and Attached Form No. 1 have been deleted.

# Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations

Established on July 16, 2015  
Revised on May 18, 2017

## Chapter 1: General Provisions

### Article 1 Purpose

The purpose of the Rules is to prescribe the necessary matters for the settlor companies of investment trusts (meaning settlor companies of investment trusts as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”) and asset management companies as defined in Paragraph 21 of the same article) and trust companies that are trustees of investment trusts managed without instructions from the settlor (hereinafter referred to as the “Operating Company”) to properly execute their business pertaining to infrastructure investment trusts and infrastructure investment corporations (hereinafter referred to as “IIT, etc.”), to ensure the smooth implementation of the system pertaining to IIT, etc., and to protect investors.

### Article 2 Basic Principles for Management

1. The Operating Company must conduct business pertaining to the direction of management or the management (hereinafter referred to as “Management, etc.”; the same shall apply hereinafter in this article and the following article) of the assets of an infrastructure investment trust or the assets of an infrastructure investment corporation ( hereinafter referred to as “Trust Property, etc.”) with loyalty and the due care of a prudent manager, and in the interest of the investment trust’s beneficiaries or the investment corporation.
2. When managing Trust Property, etc., the Operating Company shall be in compliance with the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”), and the Investment Trust Act and other laws and regulations, as well as the various rules of this Association, and shall give consideration to protecting investors.

### Article 2-2 System for Management of Trust Property, etc.

The Operating Company shall manage the Trust Property, etc. independently, and no party other than the Operating Company (excluding a party to whom the authority to make investments in whole or in part has been delegated under Article 42-3 of the FIEA and a party to whom the authority to make investments in part has been delegated under Article 55 of the Investment Trust Act) shall be involved in the Management, etc. of the Trust Property, etc.

### Article 3 Definition

1. The term “Renewable Energy Power Generation Facilities” as used in the Rules means those specified in

Article 3, Item 11 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000 (hereinafter referred to as the “Cabinet Order”)).

2. The term “Rights to Operate Public Facilities, etc.” as used in the Rules means the rights specified in Article 3, Item 12 of the Cabinet Order.
3. The term “Infrastructure Investment Trust” as used in the Rules means an investment trust that is stipulated in its Investment Trust Basic Terms and Conditions (hereinafter referred to as the “Basic Terms and Conditions”) that it aims to manage an amount exceeding one half of the total amount of the assets of the investment trust as investments in infrastructure assets, etc. and infrastructure-related assets, and the term “Infrastructure Investment Corporation” means an investment corporation that is stipulated in its Certificate of Incorporation of Investment Corporation (hereinafter referred to as an “Certificate of Incorporation”) that aims to manage an amount exceeding one half of the total amount of the assets of the investment corporation as investments in infrastructure assets, etc. and infrastructure-related assets.

However, when determining the amount exceeding one half of its relevant amounts in an Infrastructure Investment Corporation, in cases where out of the infrastructure assets defined in Paragraph 4, the “Renewable Energy Power Generation Facilities” exceed one half of the total amount of an investment corporation’s assets, then from the perspective of satisfying the conduit requirements for tax purposes and the likelihood of cash flow generation, this shall be limited to certified power generation facilities as defined in Article 2, Paragraph 5 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Act No. 108 of 2011). This shall apply only to those investment units that were offered to the public through a public offering at the time of the investment corporation’s establishment or are listed on a stock exchange, and for which the Certificate of Incorporation states that the Renewable Energy Power Generation Facilities’ method of operation shall be leasing only.

In the case of Infrastructure Investment Corporations, in order to satisfy the conduit requirements for tax purposes, the relevant one half limit relating to the infrastructure assets defined in Paragraph 4 shall not be exceeded with “Rights to Operate Public Facilities, etc.” alone.

In the case of IIT, etc., if assets are managed only as investments in “assets designated by the Self-Regulation Committee,” the relevant one half limit relating to the infrastructure assets defined in Paragraph 4 shall not be exceeded with “assets designated by the Self-Regulation Committee” (excluding the assets falling under the specific assets alone).

4. The term “Infrastructure Assets” as used in the Rules means “Renewable Energy Power Generation Facilities” and “Rights to Operate Public Facilities, etc.” as well as assets designated by the Self-Regulation Committee.
5. The term “Infrastructure Assets, etc.” as used in the Rules means the following assets:
  - (1) Infrastructure Assets
  - (2) The following assets associated with Infrastructure Assets: Land and buildings, leasehold rights to land and buildings, superficies rights to land, easement rights to land, and assets stipulated in Article 37, Paragraph 3, Item 2 (f) of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47, April 20, 2006; hereinafter referred to as the “Ordinance on Investment

Corporation's Financial Statements").

- (3) Beneficial interests in trusts that entrust the assets listed in Item 1 and Item 2.
  - (4) Beneficial interests in money trusts for the purpose of managing as investments for the assets listed in Items 1 and 2.
  - (5) Assets in foreign countries similar to those set forth in the preceding four items.
6. The term "Infrastructure-related Assets" as used in the Rules means the following assets:
- (1) Shares, etc. (limited to those issued by unlisted companies that directly or indirectly own Infrastructure Assets, etc., and where the unlisted company's assets associated with Infrastructure Assets, etc. account for the majority of the assets held by the unlisted company)
  - (2) Equity in investment under a contract whereby one party contributes equity for the purpose of having the other party invest an amount exceeding one half of the contributed assets directly or indirectly in Infrastructure Assets, etc., and the other party undertakes to invest an amount exceeding one half of the contributed assets directly or indirectly in Infrastructure Assets, etc. and to distribute profits arising from such investment.
  - (3) Beneficial interests in money trust whose trust assets are to be managed primarily as investments in the assets listed in Item 2.
  - (4) Preferred equity securities as defined in the Act on Securitization of Assets (limited to those for which the special-purpose entity who is the issuer of such preferred equity securities invests more than one half of its assets in Infrastructure Assets, etc.)
  - (5) Investment trust beneficiary certificates (limited to those in which an amount exceeding one half of the total amount of the Investment Trust's assets in the relevant investment trust is managed as investments in Infrastructure Assets, etc.)
  - (6) Investment securities (limited to those for which an amount exceeding one half of the assets held by the Investment Corporation for investment are managed as investments in Infrastructure Assets, etc.)
  - (7) Beneficiary certificates of a special-purpose trust as defined in the Act on Securitization of Assets (limited to those for which an amount exceeding one half of the assets held by said special purpose trust is managed as investments in Infrastructure Assets, etc.)
  - (8) Rights under the laws and regulations of a foreign country and securities issued by a foreign party that have the nature of the rights and securities listed in Items 1 through 7.
7. In this Rule, the term "amount exceeding one half of the assets of investment trust property or investment corporation" means, in principle, the amount exceeding one half of the amount obtained by adding or subtracting valuation profit or loss on Infrastructure Assets, etc., Infrastructure-related Assets, and other assets from the total assets of the relevant IIT, etc., and deducting security deposits or guarantee money (hereinafter referred to as "security deposits, etc.") temporarily deposited in the IIT, etc. in question.
8. The term "Listed" as used in the Rules means any of the following:
- (1) Securities which can be traded in the financial instruments market set up by the securities exchange licensed and established under the provisions of Article 80 of the FIEA.
  - (2) Securities registered in the Registry of Over-the-Counter Traded Securities maintained by the Japan Securities Dealers Association established with approval under the provisions of Article 67-2 of the

## FIEA

9. The term “Unlisted” as used in the Rules means those not falling under any of the categories specified in the items of the preceding paragraph.
10. The term “Open-End Type Investment Trust” as used in the Rules means an Investment Trust for which the Basic Terms and Conditions stipulate that an additional trust may be created for the investment trust assets at the request of an investor or that the investment trust assets may be partially cancelled at the request of a beneficiary for each specific period.
11. The term “Open-End Type Investment Corporation” as used in the Rules means an Investment Corporation for which its Certificate of Incorporation stipulates that it shall issue investment equity at the fair value in light of the nature of the assets of the Investment Corporation or that it shall make partial repayments of its investment equity in response to a request for partial repayment from an investor.
12. The term “Closed-End Type Investment Trust” as used in the Rules means an Investment Trust for which the Basic Terms and Conditions stipulate that it will not accept requests for cancellation of investment trust assets from beneficiaries, except for purchase by exercising beneficiaries’ right to request purchase as prescribed in Article 18 of the Investment Trust Act (including cases where it is applied mutatis mutandis under Article 20 and Article 54 of the same Act.)
13. The term “Closed-End Type Investment Corporation” as used in the Rules means an Investment Corporation for which its Certificate of Incorporation stipulates that it will not respond to requests for refund of investment equity, except for withdrawal of investment equity based on the exercise of investors’ right to request withdrawal as prescribed in Article 141, Paragraph 1 of the Investment Trust Act or Article 149-3, Paragraph 1 of the same Act.

## Article 4 General Rules on Accounting for IIT, etc.

Accounting procedures for IIT, etc. shall be handled in accordance with the Ordinance on Accountings of Investment Trust Property (Cabinet Office Ordinance No. 133 of 2000; hereinafter referred to as the “Ordinance on Accountings of Investment Trust’s Financial Statements”), the Ordinance on Investment Corporation’s Financial Statements, the Regulation, other rules established by the Association, and the generally accepted business accounting standards.

## Article 4-2 Proper Management of Documents

The Operating Company must appropriately retain and manage the sales contracts for the properties held by the IIT, etc. for which it undertakes the asset management business (hereinafter referred to as the “Entrusted IIT, etc.”), appraisal reports obtained from third parties, contracts with work order parties, and other documents necessary for the proper execution of its entrusted duties.

## Article 5 Valuation of Infrastructure Assets and Real Estate Held

1. The valuation method to be used for calculating the fair value of Infrastructure Assets, the assets set forth in Article 3, Paragraph 5, Item 2 (hereinafter referred to as “Land, Buildings, etc. Associated with Infrastructure Assets”) and Real Estate, etc. (meaning real estate set forth in Article 3, Paragraph 2,

Item 1 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the “Rules on REIT, etc.”), rights of lease of real property as defined in Item 2 of the same Paragraph of the same Article, and superficies rights as defined in Item 3 of the same Paragraph of the same Article; the same shall apply hereinafter) held by IIT, etc. shall be the valuation method deemed appropriate for each of the assets set forth in the following items, which shall be stipulated in the Basic Terms and Conditions or Certificate of Incorporation, and valuation shall be conducted using such method. However, this shall not apply to IIT, etc. for private placement (meaning private placement as defined in Article 2, Paragraph 3 of the FIEA; the same shall apply hereinafter).

- (1) Appraised value based on appraisal by a real estate appraiser
  - (2) Appraised value by a certified public accountant
  - (3) Appraised value based on actual transactions of the similar properties in the neighborhood
  - (4) An amount adjusted to be reduced based on the amount that would be required if the property is re-procured at that time (limited to cases where a building is being valued.)
  - (5) Value calculated by the capitalization method (DCF method or direct capitalization method)
  - (6) Any combination of the valuation methods listed in the preceding items
2. In principle, the valuation methods stipulated in the Basic Terms and Conditions or Certificate of Incorporation based on the provision in the preceding paragraphs shall not be changed in accordance with the principle of consistency.

However, if the valuation method adopted is no longer appropriate due to legitimate reasons, and if it can be reasonably determined that there are no problems in terms of investor protection, the valuation method may be changed to another method.

3. When the valuation method specified in the Basic Terms and Conditions or Certificate of Incorporation has been changed based on the provisions of the proviso to the preceding paragraph, the following matters shall be stated in the management report or asset management report (hereinafter referred to as the “Management Report, etc.”) pertaining to the report preparation period which includes the date on which the valuation method was changed.
- (1) Facts and date of change in valuation method
  - (2) Specific details of the valuation method used before the change (hereinafter referred to as the “Pre-Change Valuation Method”) and the valuation method after the change (hereinafter referred to as the “Post-Change Valuation Method”)
  - (3) Appraised value based on the Pre-Change Valuation Method and the Appraised Value based on the Post-Change valuation Method at the end of the accounting period
  - (4) Specific reasons for the change in the valuation method
  - (5) Other matters necessary for investor protection

#### Article 6 Valuation of Infrastructure-related Assets, etc.

The provisions of Article 6 and Article 7 of the Rules on REIT, etc. shall apply mutatis mutandis to the valuation of Infrastructure Assets, etc. and Infrastructure-related Assets other than those listed in the preceding article held by IIT, etc. (excluding those listed in Article 3, Paragraph 6, Item 1 as well as those listed in Item 8

that have the nature of the rights and securities stipulated in Item 1).

In this case, “REIT, etc.” shall be deemed to be replaced with “IIT, etc.,” “Real Estate” shall be deemed to be replaced with “Infrastructure Assets,” and “silent partnership operator” shall be deemed to be replaced with “silent partnership operator, certified public accountant or real estate appraiser.”

\* Article 2 of the By-Laws

#### Article 7 Valuation of Other Assets

The valuation of assets other than those specified in Article 5 and Article 6 shall be made in accordance with the respective asset valuation methods specified in the Rules for Valuation and Accounting of Investment Trust Properties. However, when it is difficult to value by such method, it shall be valued in accordance with generally accepted corporate accounting standards and other accounting practices

#### Article 8 Preparing an Asset Management Plan

1. In managing IIT, etc., the Operating Company shall prepare an asset management plan for each IIT, etc., and shall endeavor to manage such investment in accordance with this plan.
2. The asset management plan provided in the preceding paragraph shall contain the following matters:
  - (1) The period scheduled for the asset management plan
  - (2) Investment management policy for IIT, etc.
  - (3) Attributes of Infrastructure Assets, etc. and Infrastructure-related Assets to be assumed for the subject of investment management
  - (4) Valuation method of assets held
  - (5) Replacement criteria for Infrastructure Assets held, etc. and Infrastructure-related Assets Held
  - (6) Policy for formulating a long-term repair plan for Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.; total amount of estimated reserves for long-term repair plans for Infrastructure Assets held, land and buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. during the accounting period as well as the amount of estimated reserves for each accounting period.
  - (7) Planning policy of plans associated with borrowing and repayment of funds (including plans for issuance and redemption of investment corporation bond certificates (including book-entry transfer investment corporation bonds; the same shall apply hereinafter))

Furthermore, the current plan for borrowing and repayment of funds shall be included as reference information.
  - (8) If the asset management plan is revised, the date of such revision and the specific reasons for such revision
  - (9) Other matters deemed necessary for protection of investors
3. The period stipulated in Item 1 of the preceding paragraph shall be a period of 10 years or more, which is deemed appropriate in light of the product attributes of the said IIT, etc.

However, as for IIT, etc., for which the Basic Terms and Conditions or Certificate of Incorporation stipulate the trust period or the duration of less than 10 years, this period shall be the said trust period or

the duration.

#### Article 9 Public Inspection of Asset Management Plan

The Operating Company shall keep the asset management plan prepared in accordance with the provisions of the preceding article at its main head office and branch offices, and make it available for public inspection by beneficiaries or investors when requested by beneficiaries or investors of the said IIT, etc.

#### Article 10 Disclosure of Long-Term Repair Plan, etc.

1. The Operating Company shall state in its Management Reports, etc. relating to IIT, etc. the amount accumulated at the end of each accounting period based on the long-term repair plans, etc. related to Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. as set forth in Article 8, Paragraph 2, Item 6 for each accounting period for a period not less than five years prior to the end of such accounting period.
2. For IIT, etc. for which the investment management period or duration is less than five years from the date of establishment, the amount accumulated during the period from their establishment to the final day of the relevant accounting period shall be stated for each accounting period, notwithstanding the provisions of the preceding paragraph.

#### Article 11 Depreciation of Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

1. The amount of depreciation of Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. shall be calculated by the straight-line method for buildings (excluding attached facilities) and by the straight-line method or the declining balance method for equipment, etc.

The method of calculating the amount of depreciation of equipment, etc., shall be specified in the Basic Terms and Conditions or Certificate of Incorporation.

2. Based on the provisions of provisory clause in the preceding paragraph, no changes shall be made to the method of calculating the amount of depreciation of equipment, etc., specified in the Basic Terms and Conditions or Certificate of Incorporation.

However, if the calculation method adopted is no longer appropriate, and if it can be reasonably determined that there are no problems in terms of investor protection, the calculation method may be changed to another method.

3. The provision of Paragraph 3 of Article 5 shall apply mutatis mutandis to any change in the method of calculation of the amount of depreciation in accordance with the provision of the preceding paragraph. In this case, the terms “valuation method,” “Pre-Change Valuation Method” and “Post-Change Valuation Method” in the same paragraph shall be deemed to be replaced with “calculation method,” “Pre-Change Calculation Method” and “Post-Change Calculation Method” respectively.

#### Article 12 Amendment of Book Values of Infrastructure Assets, etc. and Infrastructure-related Assets



#### Held as of the End of the Accounting Period

The Operating Company shall amend the book value of Infrastructure Assets, etc. and Infrastructure-related Assets held at the end of the accounting period to the amount obtained by deducting the amount of depreciation calculated by the calculation method stipulated in the Basic Terms and Conditions or Certificate of Incorporation based on the provision of the preceding article from the amount at the beginning of the accounting period.

#### Article 13 Correction of Book Value of Securities Held at End of Accounting Period

1. The Operating Company shall re-value the trading securities held at the end of the accounting period to the market value and amend the book value, and shall add the gain on revaluation of securities to the gains on securities transactions, and add the loss on revaluation of securities to losses on securities transactions respectively.
2. Other securities held shall be recorded as valuation and translation differences, etc., as stipulated in Article 20, Paragraph 5 of the Ordinance on Investment Trust's Financial Statements, or Article 39, Paragraph 6 of the Ordinance on Investment Corporation's Financial Statements, in the amount calculated by deducting the book value of such securities from the amount valued by the method stipulated in these Rules at the end of the accounting period.

#### Article 14 Calculation of the Useful Life of Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

The useful life of Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. shall be properly established in consideration of the following matters:

- (1) Status of acquisition (Number of years elapsed before acquisition, etc.)
- (2) Status of implementation or schedule of repairs, etc.
- (3) Structure of the Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.
- (4) Useful life under Article 56 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) and the Ministerial Ordinance on Useful Life, etc. of Depreciable Assets (Ministerial Ordinance No. 15 of 1965)

#### Article 15 Other Asset Management Methods

In the case of holding assets other than Infrastructure Assets, etc. and Infrastructure-related Assets, the method of management for such assets shall be as prescribed in the Rules on Management of Investment Trusts, etc. and the Rules on REIT, etc.

#### Article 16 Restrictions on Beneficiary Certificate of Investment Trusts, etc.

When beneficiary certificates other than investment trust beneficiary certificates as prescribed in Article 3, Paragraph 6, Item 5 or investment securities other than investment securities as prescribed in Article 3, Paragraph 6, Item 6 are incorporated in the IIT, etc., such incorporation shall be limited to cases where the

following requirements are satisfied:

- (1) The total amount of securities held by any one IIT, etc. (excluding the securities specified in Article 3, Paragraph 5 and Paragraph 6), including beneficiary certificates of investment trusts and investment certificates, is less than 50% of the total amount of assets of the IIT, etc. in question.
- (2) The amount invested by any one Operating Company in any one Investment Trust or Investment Corporation is, of the total of the investment trust assets managed by the Operating Company and the assets of the Investment Corporation of which the management is entrusted, less than 50% of the investment trust to be incorporated or the total issued amount of investment trust beneficiary certificates or investment securities issued by an Investment Corporation.
- (3) They are not investment trust beneficiary certificates or investment securities held mutually or in circulation between Investment Trusts or Investment Corporations.
- (4) The investment trust beneficiary certificates or the investment securities satisfy the requirements as set forth in the following sub-items (a) and (b):
  - (a) They are not beneficiary certificates of an investment trust that the Operating Company manages for itself, or the investment securities of investment corporations entrusted
  - (b) They are not investment trust beneficiary certificates or investment securities of Investment Corporations that are primarily intended to be invested in other investment trust beneficiary certificates or investment securities, except for Funds of Funds as defined in the Rules on Management of Investment Trusts, etc.

#### Article 17      Borrowing of Funds

1. The borrowing of funds for IIT, etc. shall be limited to cases where such borrowing is necessary for the management of the Trust Property, etc., and shall be carried out with due consideration of the soundness of the investment trust property or investment corporation assets in question.
2. In the event that the Operating Company has borrowed funds for the Infrastructure Investment, etc., the Operating Company shall state the following matters for each such borrowing in the Management Report, etc. for the relevant accounting period.
  - (1) Reasons for borrowing
  - (2) Date of borrowing
  - (3) Amount of borrowing
  - (4) Lender
  - (5) If the assets held are pledged, the name and appraised value of the assets pledged as collateral
  - (6) Interest rate for borrowing
  - (7) Method of repayment
  - (8) Repayment period

#### Article 18      Timing of Recording of Profits and Losses on Sale and Purchase of Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

Trading profit or loss by the sale and purchase of Infrastructure Assets, Land and Buildings, etc. Associated

with Infrastructure Assets, and Real Estate, etc. shall be recorded on the contract date or the delivery date.

Article 19        Timing of Recording of Key Money, etc. Arising from Lease Agreements for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

With respect to key money or premium (hereinafter referred to as “Key Money, etc.”) arising from lease contracts for Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., when it is determined that the key money, etc. will not be returned to the lessee, etc. the amount of Key Money, etc. that is determined not to be returned shall be recorded as revenues.

Article 20        Security Deposits, etc. Arising from Lease Agreements for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

For security deposits, etc. temporarily deposited in the trust property or assets of IIT, etc., such amount shall be recorded in the assets section and the amount equivalent to such amount shall be recorded in the liabilities section as repayment obligations.

Article 21        Repair Expenses for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

When repairs (excluding capital expenditures; the same shall apply hereinafter) are occurred to Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the costs of such repairs shall be recorded on the date of completion of the repairs.

If the cost is not finalized on the date of completion of such repairs, it shall be recorded on the date when the cost is finalized.

Article 22        Capital Expenditures for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

In the event that capital expenditures are made for Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., during the accounting period, the amount equivalent to the cost required for such capital expenditures shall be added to the book value of such Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. at the end of the preceding accounting period.

Article 23        Disclosure of Capital Expenditures for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.

1. When the implementation plan for capital expenditures (excluding capital expenditures that can be recorded as deductible expenses for repair reserves, etc.) as specified in the By-laws has been finalized for Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the following matters shall be stated in the Management Report, etc., and a prospectus delivered to investors prior to the execution of such capital expenditures.

(1) Name and location of Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure

- Assets, and Real Estate, etc. on which capital expenditure is to be made
- (2) Purpose of capital expenditure
  - (3) Scheduled period
  - (4) Estimated amount
  - (5) The estimated increase in the book value of the said Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. after the capital expenditures
2. When it becomes necessary to make capital expenditures for Infrastructure Assets held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. due to a natural disaster or similar event, public notice to that effect shall be given promptly in the manner set forth in the Basic Terms and Conditions etc., and the matters set forth in the items of the preceding paragraph shall be stated in the Management Report, etc., for the accounting period to which the day it becomes necessary to make capital expenditures belongs.
3. The provision of Paragraph 1 shall apply correspondingly to cases where an implementation plan pertaining to capital expenditures is completed. In this case, the phrase “when the implementation plan has been finalized” in the main clause of Paragraph 1 shall be read as “when the implementation plan is completed” and the phrase “prior to the execution” in the main clause of Paragraph 1 shall be read as “after the execution,” the phrase “Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. on which capital expenditures are to be made” in Item 1 of the same paragraph shall be read as “Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. on which capital expenditures were made,” the phrase “purpose of capital expenditure” in Item 2 shall be read as “purpose for which capital expenditures were made,” the phrase “scheduled period” in Item 3 shall be read as “period,” the phrase “estimated amount” in Item 4 shall be read as “amount,” and the phrase “estimated increase” in Item 5 shall be read as “increase.”

\* Article 3 of the By-laws

#### Article 24 Restrictions on Countries and Regions Subject to Investment

When the Operating Company gives instructions for the acquisition of Infrastructure Assets, etc. located outside Japan or Infrastructure-related Assets whose principal investment target is Infrastructure Assets, etc. located outside Japan (hereinafter referred to as “Overseas Infrastructure-related Assets, etc.”) for the purpose of managing the Entrusted IIT, etc., the local country/region where the said assets are located must meet the following requirements:

- (1) Legal systems, etc. are in place to properly secure the right to use, make profits and dispose of Overseas Infrastructure-related Assets, etc.
- (2) Registration systems, etc. are in place such that the content of the rights pertaining to Overseas Infrastructure-related Assets, etc. may be asserted against third parties.
- (3) Legal systems, etc. are in place to ensure the proper execution and performance of transaction contracts relating to Overseas Infrastructure-related Assets, etc.
- (4) The rate of exchange for the currency to be used in the transaction shall be properly published and may be converted into Japanese currency if necessary without delay.

- (5) An environment that allows for the proper settlement and remittance of funds shall be in place.
- (6) A dispute resolution system such as a court system shall be in place.

Article 24-2 Matters to Be Observed Involving Acquisition of Overseas Infrastructure-related Assets, etc.  
When giving instructions for the acquisition of Overseas Infrastructure-related Assets, etc. by the Entrusted IIT, etc., the Operating Company shall comply with the conditions listed in the following items in order to protect beneficiaries and investors.

- (1) The same level of investigation shall be conducted as when acquiring assets in Japan.
- (2) On the basic data such as appraisal reports, these shall have same level of information detail and accuracy as those obtained when acquiring assets in Japan.
- (3) Take necessary measures for appropriate management and collection of leases, etc., such as selecting a local agent in accordance with the actual circumstances of the local countries and regions.
- (4) Take necessary measures to properly obtain information on the local countries, regions, and the property.

Article 24-3 Establishment of Internal Systems regarding Operating Companies of Investment Corporations that Invest in Overseas Infrastructure-related Assets, etc.

When giving instructions for the acquisition of Overseas Infrastructure-related Assets, etc. by the Entrusted IIT, etc., the Operating Company must establish and upgrade the internal system that enables it to appropriately carry out the matters listed in the following items:

- (1) Disclosure of information on Overseas Infrastructure-related Assets, etc. and the local countries/regions.
- (2) Retention in Japan of records of business communications, etc., with asset management companies, etc., in local countries and regions.
- (3) Acquisition of information from the local countries and regions and timely and appropriate response to such information.
- (4) Timely disclosure regarding occurrence of disasters, etc.

## Chapter 2: Investment trust

### Section 1. General Provisions

#### Article 25 Minimum Net Asset Value of Infrastructure Investment Trusts

1. In principle, the minimum amount of net assets to be maintained by the Infrastructure Investment Trust at all times (hereinafter referred to as the “Minimum Net Asset Value”) shall be 100 million yen. However, this shall not apply to Infrastructure Investment Trusts for private placement.
2. In case of the net asset value of the Infrastructure Investment Trust falling short of the Minimum Net Asset Value stipulated in the preceding paragraph, no instructions for the borrowing of new funds or distribution of profits shall be given until the amount of the net assets exceeds the Minimum Net Asset Value.

## Section 2. Closed-End Type Investment Trusts

### Article 26 Calculation Method for the Base Value of Closed-End Type Investment Trusts

The base value of a Closed-End Type Investment Trust shall be the amount obtained by dividing the amount calculated by subtracting depreciation and debts pertaining to Infrastructure Assets Held, Land and Buildings associated with Infrastructure Assets and Real Estate, etc. from the amount obtained by adding or subtracting the valuation gain or loss on assets that should be valued at market value under laws and regulations on securities, etc. to/from the total asset amount by the total number of units of beneficial interests.

### Article 27 Profit Distribution Sources for Closed-End Type Investment Trusts

The Closed-End Type Investment Trust may distribute in full the amount (hereinafter referred to as "Investment Trust Income") calculated by deducting the total amount of expenses for the relevant accounting period of taxes and public charges (including interest expenses for the relevant accounting period; the same shall apply hereinafter), depreciation and carried-over losses from the total amount of losses and gains on sale and purchase of Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., lease revenue (including Key Money, etc., or security deposits, etc., determined not to be returned to the lessee, etc.; the same shall apply hereinafter), losses and gains on Infrastructure-related Assets, losses and gains on securities transactions, interest and dividends on Infrastructure Assets Held, Infrastructure-related Assets Held, and securities held, and carried-over profit arose during the relevant accounting period.

### Article 28 Refund of Investment Principal of Closed-End Type Investment Trusts

1. A Closed-End Type Investment Trust shall be entitled to refund the investment principal up to the amount equivalent to 60% of the amount of depreciation to be recorded at the end of the accounting period.

However, if an amount equivalent to the depreciation of the Renewable Energy Power Generation Facilities is included in dividends received from a silent partnership, the investment principal may be repaid up to the amount of such dividends plus an amount equivalent to 60% of the depreciation.

2. For privately placed Closed-End Type Investment Trusts, if the amount of Investment Trust Income is less than the amount of income calculated for tax purposes, notwithstanding the provisions of the preceding paragraph, the principal of investment in combination with the Investment Trust Income amount may be refunded up to the amount calculated based on the Tax Act.

### Article 28-2 Measures for Continuous Refund of Investment Principal for Each Period

In the event that the investment principal prescribed in Paragraph 1 of the preceding article is refunded every period on a continuous basis, the following matters must be observed:

- (1) The distribution policy in the basic terms and conditions shall mention that the investment principal shall be refunded every period on a continuous basis, and describe the concept thereof.
- (2) As a policy for the implementation of continuous refunds of investment principal each period, internal rules, etc., shall be established that stipulate the distribution of profits and disclosure of investment principal refunds categories and other matters specified in the By-laws.

- (3) After indicating the objective grounds based on reasonable data, etc. (such as past settlement data and engineering reports (regarding Renewable Energy Power Generation Facilities, the third party evaluation report on Renewable Energy Power Generation Facilities may be substituted therefor; the same shall apply hereinafter)) about the policy to making a continuous refund of the investment principal for each fiscal period, to describe the same in the securities registration statement, the annual securities report and the prospectus as well as to disclose it on the website, etc.

In addition, in order to make it easy to understand that this is a refund of the investment principal, efforts shall be made to use simple expressions such as illustrations.

- (4) When making a continuous refund of the investment principal each period, the management report shall clearly state that the money is not a distribution of profit but a refund of investment principal, and explanatory notes, etc., shall be made in the relevant section of the management report, upon presenting objective grounds for the validity of the standard for such refund based on rational data, etc. (past data on settlements, engineering reports, etc.)
- (5) When making a continuous refund of the investment principal for each fiscal period, the policy shall be given so as not to affect the long-term repair plan set forth in Article 8, Paragraph 2, Item 6, and after stating the objective grounds for such policy based on reasonable data (past settlement data, engineering reports, etc.), to make notes, etc. in the relevant part of the asset management plan and the investment report so as to be understood by investors.

\* Article 4 of the By-laws

#### Article 28-3 Refund of Investment Principal Other Than Continuous Refund of Investment Principal Each Period

When making refund of the investment principal in a manner other than continuous refund of the investment principal each period as stipulated in the preceding article, sufficient consideration shall be given to the matters stipulated in the By-laws in Item 2 of the preceding article.

The management report shall clearly state that the money is not a distribution of profit but a refund of investment principal, and explanatory notes, etc., shall be made in the relevant section of the management report upon presenting objective grounds and reasons for the validity of the standard for such refund of the investment principal.

#### Article 29 Method of Recording Lease Revenue for Closed-End Type Investment Trusts

With regard to lease revenue arising from Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the amount corresponding to the relevant accounting period shall be recorded as revenues.

#### Article 30 Method of Recording Taxes and Levies for Closed-End Type Investment Trusts

1. With regard to taxes and levies, such as property taxes, that are incurred on an ongoing basis on Infrastructure Assets Held, Land and Buildings, Real Estate, etc. Associated with Infrastructure Assets, the amount corresponding to the relevant accounting period shall be recorded as expenses.

2. Taxes and levies such as the real estate acquisition taxes, which are incurred on a one-off basis through the acquisition or sale of Infrastructure Assets, Land and Buildings and Real Estate, etc. shall be recorded as expenses on the date when the payment of such taxes and public charges is finalized. However, any unearned fixed asset tax, real estate acquisition tax, and registration and license tax at the time of acquisition of Infrastructure Assets, Land and Buildings, etc. and Real Estate Associated with Infrastructure Assets may be recorded as the acquisition value.

#### Article 31 Method of Recording Trust Fees for Closed-End Type Investment Trusts

Trust fees shall be recorded as expenses for each accounting period in the amount corresponding to such accounting period.

#### Article 32 Management Commission Fees Pertaining to Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc. of Closed-End Type Investment Trusts

With respect to management commission fees pertaining to Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the amount corresponding to the accounting period in accordance with the content of the management commissioning agreement shall be recorded as expenses.

#### Article 33 Frequency of Calculation for Base Value for Listed Closed-End Type Investment Trusts

Listed Closed-End Type Investment Trusts shall calculate and publish the base value at the end of each accounting period and at the end of the interim accounting period.

#### Article 34 Frequency of Calculation for Base Value of Unlisted Closed-End Type Investment Trusts

For unlisted Closed-End Type Investment Trusts (excluding those for private placement), the base value shall be calculated and published at the end of each accounting period and interim accounting period as well as at the end of each month.

### Section 3. Open-End Type Investment Trust

#### Article 35 Matters to Be Noted in Management of Open-End Type Investment Trusts

In managing assets such as Infrastructure Assets, etc. and Infrastructure-related Assets in open-end type investment trusts, attention shall be paid to the liquidity of the assets to be managed, and provisions to that effect shall be stipulated in the Basic Terms and Conditions.

#### Article 36 Method of Calculating the Base Value of Open-End Type Investment Trusts

The base value of an Open-End Type Investment Trust shall be the quotient obtained by dividing the amount calculated by adding or subtracting gains or losses on valuation of assets held (with respect to Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the amount shall be the value of such Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., calculated in accordance with the provisions of Article 5, less the amount of



depreciation for the period from the beginning of the accounting period that includes the relevant calculation date to the relevant calculation date, deducted from the book value; the same shall apply hereinafter) to/from the total assets and minus liabilities by the total number of units of beneficial interests.

#### Article 37 Profit Distribution Sources and Refund of Investment Principal of Open-End Type Investment Trusts

1. The distributable amount of profit from an Open-End Type Investment Trust shall be within the range of any of the larger amounts calculated based on the calculation methods listed in the following items:
  - (1) The entire amount obtained by deducting the total amount of expenses for the accounting period such as taxes and levies, etc., the amount of depreciation for the current period, and losses carried forward, from the total of the following: gains or losses on the sale and purchase of Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.; lease revenue; gains and losses on the sale and purchase of Infrastructure-related Assets, gains and losses on securities transactions; interest and dividends, etc. on Infrastructure Assets Held, Infrastructure-Related Assets Held, and securities held; valuation profits or losses on assets held at the end of the accounting period (for Infrastructure Assets, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc., the amount obtained by deducting the book value (the amount obtained by deducting the depreciation amount for the relevant accounting period) from the appraised value of the asset calculated in accordance with the provisions of Article 5), and profit carried forward.
  - (2) The amount calculated by deducting the total amount of expenses such as taxes and levies pertaining to the relevant accounting period, and the depreciation as well as losses carried forward from the total amount of gains and losses on sale and purchase of Infrastructure Assets Held, Land and Buildings, etc. and Real Estate, etc. Associated with Infrastructure Assets, lease revenue, gains and losses on sale and purchase of Infrastructure-related Assets Held, gains and losses on securities transactions, interests and dividends, etc. on Infrastructure Assets Held, Infrastructure-related Assets Held and securities held as well as profit carried forward arose during the accounting period.
2. With respect to privately placed Open-End Type Investment Trusts, if the distributable amount of profit prescribed in the preceding paragraph is less than the amount of income calculated for tax purposes, notwithstanding the provisions of the preceding paragraph, the investment principal together with the distributable amount of profit may be refunded up to the amount of income calculated for such tax purposes.

#### Article 37-2 Refund of Investment Principal of Open-End Type Investment Trusts Privately Placed by Qualified Institutional Investors

1. Open-End Type Investment Trusts privately placed by qualified institutional investors (meaning private placements by qualified institutional investors as stipulated in Article 2, Paragraph 9 of the Investment Trust Act; the same shall apply hereinafter) may be distributed as refund of the investment principal up to the amount equivalent to the depreciation expense to be recorded at the end of the accounting period.
2. When the investment principal is refunded based on the provisions of the preceding paragraph, the

management report shall clearly state that the money is not a distribution of profit but a refund of investment principal, and shall strive to prevent the investor from confusing such money with distribution of profits.

**Article 38 Mutatis Mutandis Application of Open-End Type Investment Trusts**

The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue from Open-End Type Investment Trusts, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, the provisions of Article 31 shall apply mutatis mutandis to the recording of trust fees, and the provisions of Article 32 shall apply mutatis mutandis to the recording of trust management fees.

**Article 39 Frequency of Calculation of Base Value for Open-End Type Investment Trusts**

In principle, the base value of an Open-End Type Investment Trust shall be calculated and published on the last date of each accounting period and the last date of the interim accounting period as well as the date specified in the Basic Terms and Conditions on which investors and beneficiaries are able to directly apply for establishment of additional trust or partial early cancellation of the investment trust property, and on five business days prior to said date.

**Article 40 Value of Establishment or Early Cancellation of Open-End Type Investment Trusts**

If additional establishment or partial early cancellation of the investment trust property is directly made during the accounting period or at the end of the accounting period based on requests from the investors and the beneficiaries, such additional establishment or partial early cancellation shall be made using the base value on the date when the request is made.

**Chapter 3: Investment Corporation**

**Section 1. Closed-End Type Investment Corporation**

**Article 41 Method of Calculating the Base Value of Closed-End Type Investment Corporations**

The provisions of Article 26 shall apply mutatis mutandis to the method of calculating the base value of Closed-End Type Investment Corporations. In this case, the term “Closed-End Type Investment Trust” in the article shall be deemed to be replaced with “Closed-End Type Investment Corporation” and the term “total number of units of beneficial interest” in said article shall be deemed to be replaced with “number of investment units issued.”

**Article 42 Profit Distribution Sources for Closed-End Type Investment Corporations**

1. A Closed-End Type Investment Corporation may distribute the entire amount of profits (meaning profits as defined in Article 136, Paragraph 1 of the Investment Trust Act. The same shall apply hereinafter.)
2. Notwithstanding the provisions of the preceding paragraph, in the event of discrepancy between book and tax accounting (meaning discrepancies stipulated in Article 2, Paragraph 2, Item 29 of the Ordinance on Investment Corporation’s Financial Statements; the same shall apply hereinafter), a Closed-End Type

Investment Corporation may take any of the following actions:

- (1) The amount equivalent to the increase in the allowance for temporary difference, etc. adjustments (meaning what is stipulated in Article 2, Paragraph 2, Item 30 of the Ordinance on Investment Corporation's Financial Statements; the same shall apply hereinafter) shall be distributed by applying it to the unappropriated retained earnings in the amount of profit stipulated in the preceding paragraph.
- (2) The amount equivalent to the reserve for temporary difference adjustments (meaning what is stipulated in Article 2, Paragraph 2, Item 31 of the Ordinance on Investment Corporation's Financial Statements; the same shall apply hereinafter) shall be reserved by subtracting the amount as voluntary retained earnings from the unappropriated retained earning in the amount of profit stipulated in the preceding paragraph.

Article 43      Refund of Capital Contributions Which Falls Under the Category of Distribution for Reduction of Capital Contributions etc., under the Tax Act for Closed-End Type Investment Corporations

A Closed-End Type Investment Corporation shall be entitled to make refunds of capital contributions which fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, up to an amount equivalent to 60% of the amount obtained by deducting the total amount of accumulated depreciation calculated at the end of the previous accounting period from the total amount of accumulated depreciation recorded at the end of the accounting period.

However, if an amount equivalent to the depreciation of the Renewable Energy Power Generation Facilities is included in dividends received from a silent partnership, capital contributions categorized as a capital distribution with decrease of investment capital, etc. under tax law may be repaid up to the amount of such dividends plus an amount equivalent to 60% of the depreciation.

Article 43-2      Treatment of Reversal of the Reserve for Temporary Difference Adjustments and Reversal of the Allowance for Temporary Difference Adjustments for Closed-End Type Investment Corporations

In the event that a Closed-End Type Investment Corporation records the allowance for temporary difference adjustments or reserve for temporary difference adjustments, from the following period onward, the amount of reversal of the reserve for temporary difference adjustments (meaning the process noted in the balance sheet in accordance with the provisions of Article 62, Item 13 of the Ordinance on Investment Corporation's Financial Statements or the amount generated by the reversal of the reserve for temporary difference adjustments in lieu of recording the amount of allowance for temporary difference adjustments. The same shall apply hereinafter) shall be added to the unappropriated retained earnings in the amount of profit and the amount of reversal of the allowance for temporary difference adjustments (meaning the amount generated by the process noted in the balance sheet in accordance with the provisions of Article 62, Item 13 of the Ordinance on Investment Corporation's Financial Statements; the same shall apply hereinafter) shall be subtracted from the earnings.

Article 43-3      Description in Other Explanatory Notes in the Event of Discrepancy between Book and Tax Accounting

If the establishment of allowance for temporary difference adjustments or reserve for temporary difference

adjustments or the reversals thereof are stated in the statement of cash distributions for the accounting period of investment corporations in accordance with the Article 42, Paragraph 2 or the preceding article, the matters listed in the following items shall be stated as other explanatory notes in relation to the allowance for temporary difference adjustments or reserve for temporary difference adjustments:

- (1) Allowance for Temporary Difference Adjustments
  - (i) Reasons for establishing the allowances and reversals, and assets generated, etc.
  - (ii) Amount for the allowance and reversal
  - (iii) Specific method of reversal
- (2) Reserve for Temporary Difference Adjustments
  - (i) Reasons for establishing reserves and reversals, etc.
  - (ii) Amount of reserves and reversals
  - (iii) Specific method of reversal (for reversals resulting from negative goodwill or differences in asset book value with mergers, expected period of reversal (not more than 50 years) and method of reversal (at least equal amount of reversal per period is required) shall also be stated)

#### Article 43-3-2 Description in the Explanatory Notes Concerning the Balance Sheet in the Event of Discrepancy between Book and Tax Accounting

In accordance with the provisions of Article 42, Paragraph 2 and Article 43-2, if there is any increase or decrease in and recording of the allowance for temporary difference adjustments or the reserve for temporary difference adjustments in the balance sheet, the following matters shall be stated in the explanatory notes for the balance sheet:

- (1) Allowance for Temporary Difference Adjustments
  - (i) Reasons for establishing the allowances and reversals, and assets generated, etc.
  - (ii) Initial amount occurred
  - (iii) Opening balance of the current period, allowance for the current period (increase), reversal for the current period (decrease), closing balance at the end of the current period
  - (iv) Specific method of reversal
- (2) Reserve for Temporary Difference Adjustments
  - (i) Reasons for establishing reserves and reversals, etc.
  - (ii) Initial amount occurred
  - (iii) Opening balance of the current period, accumulation for the current period (increase), reversal for the current period (decrease), balance at the end of the current period
  - (iv) Specific method of reversal (for reversals resulting from negative goodwill or differences in asset book value with mergers, expected period of reversal (not more than 50 years) and method of reversal (at least equal amount of reversal per period is required) shall also be stated)

#### Article 43-4 Measures for Implementing Continuous Refund of Capital Contributions Each Period That Falls under the Category of Reduction of Capital Contributions, etc., under the Tax Act.

When making continuous refunds of capital contributions each month which falls under the category of

distributions for reduction of capital contributions etc., under the Tax Act, as stipulated in Article 43, the following matters shall be observed:

- (1) The distribution policy in the Certificate of Incorporation shall state that continuous refunds of capital contributions that fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, shall be made each period, and describe the concept thereof.
- (2) Establish internal rules, etc. that provide for the disclosure of the distinction between the distribution of profits and the refunds of capital contributions and other matters specified in the By-laws as a policy for the implementation of continuous refunds of capital contributions each period that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act.
- (3) The concept of implementing continuous refunds of capital contributions each period that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, shall be clearly stated in the securities registration statement, annual securities report as well as prospectus and disclosed on the website, etc., upon presenting objective grounds for such concept based on rational data, etc. (past data on settlements, engineering reports, etc.)

In addition, in order to make it easy to understand that this is a refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, efforts shall be made to use simple expressions such as illustrations.

- (4) When making continuous refunds of capital contributions each period that fall under the category of distributions for reduction of capital contributions, etc., under the Tax Act, in addition to clearly stating in the asset management report that such money is not a distribution of profits but refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, explanatory notes, etc., shall be made in the relevant section of the asset management report upon presenting objective grounds for the validity of the standard for such refund of capital contributions, etc., based on rational data, etc., (past data on settlements, engineering reports, etc.)
- (5) When making continuous repayments for each fiscal period of capital contributions categorized as a capital distribution with decrease of investment capital, etc. under tax law, consideration shall be given so as not to affect the long-term repair plan stipulated in Article 8, Paragraph 2, Item 6, and upon presenting objective grounds for such concept based on rational data, etc. (past data on settlements, engineering reports, etc.), and explanatory notes, etc., shall be made in the relevant section of the asset management plan and asset management report so that investors can understand the concept.

\* Article 4-2 of the By-laws

Article 43-5 Refund of Capital Contributions That Falls under the Category of Distributions for Reduction of Capital Contributions, etc., under the Tax Act Other Than Refund of Capital Contribution That Falls under the Continuous Distribution for Reduction of Capital Contributions, etc. for Each Period under the Tax Act  
For refund of capital contributions that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act other than the refund of capital contribution that falls under the continuous distribution for reduction of capital contributions, etc. for each period under the Tax Act stipulated

in the preceding article, sufficient consideration shall be given to the matters stipulated in Item 2 of the preceding article of the By-laws.

The management report shall clearly state that the money is not a distribution of profit but a refund of capital contributions, etc., that falls under the category of distributions for reduction of capital contributions, etc., under the Tax Act, and explanatory notes, etc., shall be made in the relevant section of the management report upon presenting objective grounds and reasons for the validity of the standard for such refund.

#### Article 44 Mutatis Mutandis Application of the Method of Recording Lease Revenue for Closed-End Type Investment Corporation

1. The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue of a Closed-End Type Investment Corporation, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, and the provisions of Article 32 shall apply mutatis mutandis to the recording of management commission fees for Infrastructure Assets Held, Land and Buildings, etc. Associated with Infrastructure Assets, and Real Estate, etc.
2. The provisions of Article 31 shall apply mutatis mutandis to the recording of remuneration paid by a Closed-End Type Investment Corporation. In this case, the term “trust fees” in said article shall be deemed to be replaced with “remuneration to be paid by the investment corporation to the relevant parties based on the contract concluded between the investment corporation, the Operating Company that manages assets, the general administration trustee, and the asset custodian company.”
3. The provisions of Article 33 shall apply mutatis mutandis to the frequency of calculation of the base value of a listed Closed-End Type Investment Corporation, and the provisions of Article 34 shall apply mutatis mutandis to the frequency of calculation of the base value of a non-listed Closed-End Type Investment Corporation.

In this case, the term “Closed-End Type Investment Trust” in Article 33 and Article 34 shall be deemed to be replaced with “Closed-End Type Investment Corporation.”

#### Article 45 Points to Consider concerning the Issuance of Investment Corporation Bonds

When a Closed-End Type Investment Corporation issues investment corporation bonds under the provisions of Article 139-2 of the Investment Trust Act, the terms and conditions for issuance of such investment corporation bonds such as maturity date, method of redemption, interest rate and method of payment of interest shall be appropriately established in consideration of the status of assets of such investment corporation.

#### Article 45-2 Points to Consider concerning the Issuance of Short-Term Investment Corporation Bonds

When a Closed-End Type Investment Corporation issues short-term investment corporation bonds under the provisions of Article 139-12 of the Investment Trust Act, the conditions for issuance of such short-term investment corporation bonds, such as the issue value and redemption value thereof, shall be established appropriately in consideration of the status of the assets of such investment corporation.

#### Article 46 Points to Consider concerning the Issuance of Investment Equity Subscription Rights

When a Closed-End Type Investment Corporation issues investment equity subscription rights under the provisions of Article 88-4 of the Investment Trust Act, the conditions of issuance, such as the exercise expiry date of the said investment equity subscription rights, the amount of money to be contributed upon exercise, or the calculation method thereof, shall be established appropriately in consideration of the status of the assets of the said investment corporation.

## Section 2. Open-End Type Investment Corporation

### Article 47 Mutatis Mutandis Application Concerning Method of Calculation for the Base Value of Open-End Type Investment Corporation

1. The provisions of Article 35 shall apply mutatis mutandis to the management of Infrastructure Assets, etc. and Infrastructure-related Assets by Open-End Investment Corporations. In this case, the term “Open-End Type Investment Trust” in said article shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “basic terms and conditions” in said article shall be deemed to be replaced with the “Certificate of Incorporation”
2. The provisions of Article 36 shall apply mutatis mutandis to the calculation of the base value of Open-End Type Investment Corporations. In this case, the term “Open-End Type Investment Trust” in the Article shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “total number of units of beneficial interest” in the article shall be deemed to be replaced with “units of investment equity.”
3. The provisions of Article 42, Article 43-2, Article 43-3 and Article 43-3-2 shall apply mutatis mutandis to the entry of notes for distribution of profits, and for any inconsistency between taxation and accounting with respect to Open-End Type Investment Corporations. In this case, the term “Closed-End Type Investment Corporation” in Article 42 and Article 43-2 shall be deemed to be replaced with “Open-End Type Investment Corporation” and the term “may distribute the entire amount of profits” in Article 42, Paragraph 1. ” shall be deemed to be replaced with “may distribute the entire amount of profits or the sum of the amount of profits and the amount of valuation loss or profit on assets held at the end of the accounting period (with regard to real estate, rights of lease of real property and superficies rights, the amount of the valuation loss or profit on such assets calculated under the provisions of Article 5, less book value (the amount less depreciation for such accounting period)), whichever is greater. ”
4. The provisions of Article 29 shall apply mutatis mutandis to the recording of lease revenue of an Open-End Type Investment Corporation, the provisions of Article 30 shall apply mutatis mutandis to the recording of taxes and levies, and the provisions of Article 32 shall apply mutatis mutandis to the recording of trust management fees.
5. The provisions of Article 44, Paragraph 2 as applied mutatis mutandis to Article 31 shall apply mutatis mutandis to the recording of remunerations paid by Open-End Type Investment Corporations.
6. The provisions of Article 39 shall apply mutatis mutandis to the frequency of calculation of the base value of an Open-End Type Investment Corporation. In this case, the term “Open-End Type Investment Trust” in said article shall be deemed to be replaced with “Open-End Type Investment Corporation,” the term

“beneficiary” shall be deemed to be replaced with “investor,” and the term “application for additional establishment or partial early cancellation of investment trust property” shall be deemed to be replaced with “application for additional issuance of investment equity units or request for refund to the investment corporation.”

Article 47-2 Refund of Capital Contributions Made by Open-End Type Investment Corporations for Qualified Institutional Investors

1. Of Open-End Type Investment Corporations, an Investment Corporation that solicits only qualified institutional investors (as defined in Article 2, Paragraph 3, Item 1 of the FIEA) and issues investment units that satisfy the requirements specified in Article 1-4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) as those that are not likely to be transferred to persons other than qualified institutional investors (hereinafter referred to as an “Open-End Type Investment Corporation for Qualified Institutional Investors”) shall be able to make repayments of capital contributions up to an amount equivalent to the depreciation expense recorded on the last date of the accounting period.
2. In the event of a refund of contributions in accordance with the preceding paragraph, the investment corporation shall clearly state in the asset management report that the money in question is not a distribution of profits but a refund of capital contributions, and shall strive to prevent investors from confusing such money with distributions of profits.

Article 47-3 Special Provisions on Frequency of Calculation of Base Value of Open-End Type Investment Corporation for Qualified Institutional Investors

Notwithstanding the provisions of Article 47, Paragraph 6, the calculation frequency of the base value of an Open-End Type Investment Corporation for Qualified Institutional Investors may be calculated only on the last day of each accounting period. In this case, the investors shall be notified promptly after calculating the base value.

Article 48 Value of Additional Issuance and Refund of Open-End Type Investment Corporation

1. When any additional issuance or refund of investment equity units is made based on the requested by the investors or the unitholders, such additional issuance or refund shall be made using the base value on the date of the request from investors and unitholders.
2. With respect to Open-End Type Investment Corporation for Qualified Institutional Investors to which the provisions of Article 47-3 have been applied, notwithstanding the provisions of the preceding paragraph, the base value as of the last day of the accounting period immediately before the day on which a request has been made by an investor or shareholder shall be used.

Article 49 Mutatis Mutandis Application of Considerations concerning Issuance of Investment Equity Subscription Rights of Open-End Type Investment Corporations

The provisions of Article 46 shall apply mutatis mutandis to Open-End Type Investment Corporations. In this



case, the term “Closed-End Type Investment Corporation” in said Article shall be read as “Open-End Type Investment Corporation.”

#### Chapter 4: Miscellaneous Provisions

##### Article 50 By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

##### Article 51 Others

Any matters concerning Infrastructure Investment Trusts and Infrastructure Investment Corporations that are not provided in this Rule may be determined by a resolution of the Board of Directors.

##### Article 52 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee any amendments to the By-laws relating to these Rules.
2. If the Self-Regulation Committee makes a decision on any matter delegated thereto (limited to such decisions which the Board of Directors deems necessary), it shall promptly report the detailed content thereof to the Board of Directors.

##### Supplementary Provisions

These Rules shall come into effect on July 16, 2015.

However, with regard to the handling of Renewable Energy Power Generation Facilities included in the Infrastructure Assets defined in Article 3, Paragraph 4, necessary measures shall be taken, if deemed appropriate, around three years after these Rules come into effect, considering the provisions pertaining to Article 39-32-3, Paragraph 10 of the Order for Enforcement of the Act on Special Measures Concerning Taxation.

##### Supplementary Provision

This amendment shall come into effect on May 18, 2017.

\* The amended provisions are as follows:

Article 3, Paragraph 3 is amended.

# By-laws for Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations

Established on July 16, 2015

## Article 1 Purpose

These By-laws set forth necessary matters for implementation of the Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as the “Rules”).

## Article 2 Methods for Valuation of Infrastructure-related Assets, etc.

The valuation method specified in By-laws prescribed in Article 6, Paragraph 2 and Article 7, Paragraph 2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the “Rules on REIT, etc.”), which are applied mutatis mutandis in Article 6 of the Rules shall be the valuation method based on the total of the values that the settlor company of investment trusts has evaluated in accordance with the provisions of Article 5 and Article 7 of Rules, Article 6, Paragraph 1 and Article 7, Paragraph 1 of Rules on REIT, etc. according to each type of assets that constitute the asset in question every assets.

## Article 3 Capital Expenditure

The capital expenditures specified in the By-laws prescribed in Article 23 of the Rules shall be the capital expenditures that are equivalent to not less than 1% of the acquisition book value of individual Infrastructure Assets, etc. and Real Estate, etc. held by the Infrastructure Investment Trusts or Infrastructure Investment Corporations.

## Article 4 Internal Rules, etc. for Closed-End Type Investment Trusts

The matters to be specified in the By-laws as prescribed in Article 28-2, Item 2 of the Rules shall be as follows:

- (1) Separate disclosure of profit distribution and refund of investment principal
- (2) Process for deciding on the implementation of refund of investment principal
- (3) Approach to implementation of refund of investment principal
- (4) Matters to be taken into consideration when implementing the refund of investment principal ((i) Matters affecting cash flow such as medium- to long-term capital needs such as long-term repair plans, etc., (ii) Other necessary matters))

## Article 4-2 Internal Rules, etc. of Closed-End Type Investment Corporations

The matters to be specified in the By-laws as prescribed in Article 43-4, Item 2 of the Rules shall be as follows:

- (1) Separate disclosure of profit distribution and refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (2) Process for deciding on the implementation of refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (3) Approach to the implementation of refund of capital contributions categorized as distribution for reduction of capital contributions, etc., under the Tax Act
- (4) Matters to be taken into consideration when implementing the refund of capital contributions

categorized as distribution for reduction of capital contributions, etc., under the Tax Act ((i) Matters affecting cash flow such as medium- to long-term capital needs such as long-term repair plans, etc., (ii) Other necessary matters))

#### Supplementary Provision

The By-laws shall be implemented from July 16, 2015.

## Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.

Established on March 17, 1994  
Revised on February 17, 1995  
Revised on November 7, 1997  
Revised on December 16, 1997  
Revised on November 27, 1998  
Revised on March 23, 1999  
Revised on January 27, 2000  
Revised on February 18, 2000  
Revised on December 15, 2000  
Revised on April 16, 2001  
Revised on December 21, 2001  
Revised on March 15, 2002  
Revised on October 25, 2002  
Revised on March 19, 2004  
Revised on September 15, 2004  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on November 16, 2007  
Revised on March 21, 2008  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on February 17, 2011  
Revised on December 20, 2012  
Revised on March 14, 2013  
Revised on September 18, 2013  
Revised on December 19, 2013  
Revised on June 8, 2017  
Revised on September 12, 2019  
Revised on May 20, 2021  
Revised on June 10, 2021

### Chapter 1: General Provisions

#### Article 1. Purpose

The purpose of these Regulations is to protect investors while fairly and seamlessly conducting Direct Offerings, etc. by specifying the necessary matters for solicitation of investments from customers, customer management, etc. in connection with public offerings, private placements, (meaning public offerings and private placements as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter the “FIEA”). The same shall apply hereinafter) and other business for beneficiary certificates (including book-entry transfer beneficial interest in an investment trust. The same shall apply hereinafter) of investment trusts managed under instructions from the settlor that are established by Full Members themselves (meaning Full Members as defined in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter), the handling of public offerings, private placements, and other business for investment securities or investment corporation bond certificates issued by investment corporations for which Full Members are entrusted asset management business, and public offerings, private placements, and other business for beneficiary certificates of investment trusts managed without instructions from the settlor (hereinafter “Direct Offerings, etc.”).

#### Article 1-2. Basic Policies for Direct Offerings, etc.

When Full Members conduct a Direct Offering, etc., they shall endeavor to protect investors by dedicating

themselves to putting investors first and foremost while carrying out said business earnestly and fairly via the provisions of these Regulations.

## Chapter 2: Solicitation of Investment

### Article 2. Compliance with Laws, Rules, etc.

When conducting a Direct Offering, etc., Full Members shall comply with the FIEA, the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter the “Investment Trust Act”), and other laws as well as the various Rules of this Association (hereinafter “Laws, Rules, etc.”).

### Article 3. Solicitation Policies, etc.

Full Members shall strive to establish sound investment practices and ensure an appropriate demeanor for solicitation. They shall also establish internal rules and ensure that officers and employees engaged in the work for Direct Offerings, etc. (hereinafter “Sales Officers and Employees”) observe these Rules so that they will always prioritize the interests of investors.

### Article 4. Strict Adherence to the Principle of Accountability, etc.

1. When soliciting a customer to acquire beneficiary certificates, etc. (meaning beneficiary certificates, investment securities and investment corporation bond certificates of investment trusts managed under instructions from the settlor and investment trusts managed without instructions from the settlor as described in Article 1. The same shall apply hereinafter), Full Members shall use a prospectus, etc. to fully explain the nature of said product to investors and ensure that investors are aware that the acquisition should be made at their own discretion and responsibility. At the same time, the Full Member shall fully understand the investor’s investment experience, investment purposes, financial resources, etc. and shall conduct public offerings, etc. so as to conform to the investor’s intentions and circumstances.
2. When Full Members solicit to acquire beneficiary certificates of new investment trusts from among the beneficiary certificates of investment trusts managed under instructions from the settlor that are established by Full Members themselves, they shall sufficiently understand the characteristics and risks of the investment trusts and shall not solicit to acquire any beneficiary certificates for which Full Members cannot suppose a suitable customer.
3. Full Members must fully explain to customers all significant matters regarding the Direct Offerings, etc. of leveraged investment trusts they established (meaning investment trusts that are managed so that their fluctuation rate per unit of net assets for investment trust properties in investment trusts is matched to the value obtained by multiplying the fluctuation rate of the Benchmark Index (meaning a specific indicator or price) by a predetermined multiplier (no lower than 2x or higher than -2x) (this does not apply to those that are or will be listed on financial instruments exchange markets or overseas financial instruments markets and complex investment trusts similar to over-the-counter derivatives transactions (meaning those defined in Article 2 of the Regulations for Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions);the same shall apply hereinafter)) and strive to gain the understanding of the customer.

Chapter 3: Service Standards

Article 5. Prohibited Acts

Full Member officers and employees shall not engage in any of the following:

- (1) Solicitations that provide definitive judgments that the value of a beneficiary certificate, etc. will rise or fall
- (2) Solicitations that present false representations or representations which are likely to cause a misunderstanding of significant matters
- (3) Solicitations or actions with a promise to bear all or part of the loss to customers
- (4) Solicitations or actions with a promise to offer special benefits to customers
- (5) Having a customer acquire beneficiary certificates, etc. while knowing that interested parties such as the settlor, etc. are providing credit to the customer on the condition that the customer purchases said beneficiary certificates, etc.
- (6) Solicitations for the acquisition of such amount of beneficiary certificates, etc. that exceeds the customer's financial resources as known through the customer card, etc.
- (7) Direct Offerings, etc. for beneficiary certificates, etc. on a customer account without obtaining the customer's consent
- (8) Solicitations or actions with a promise to share losses or gains with customers
- (9) Accepting an application to acquire beneficiary certificates, etc. from a customer although knowing that the customer is using a name other than their own
- (10) Not delivering to the other party without delay any money deposited by a customer, any beneficiary certificates, etc. requested to be deposited at an asset management company, or any money to be delivered to a customer, any beneficiary certificates, etc. to be returned, and any documents relating to the business
- (11) The lending or borrowing of money, beneficiary certificates, etc. to or from customers in connection with Direct Offerings, etc. for beneficiary certificates, etc.
- (12) Actions that divulge any secret that may have become known in the course of their business
- (13) Not explaining significant matters of a switchover of beneficiary certificates, etc. (meaning the acquisition of beneficiary certificates, etc. following the early cancellation of part of investment trust agreement involving actually held beneficiary certificates, etc., the refund of investment units, or the sale of beneficiary certificates, etc.) to customers (except professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding those customers deemed to not be professional investors as defined in Article 34-2, Paragraph 5 of the same Act and including those deemed as professional investors as defined in Article 34-3, Paragraph 4 of the same Act (including when applied mutatis mutandis in Article 34-4, Paragraph 6 of the same Act))); the same shall apply hereinafter)) when soliciting a switchover of beneficiary certificates, etc.

## Chapter 4: Customer Management

### Article 6. Customer Registration

1. At the commencement of transactions with customers, Full Members shall register the customer and prepare a “customer card” containing the following items:
  - (1) Name or official name
  - (2) Address or location and contact information
  - (3) Date of birth (limited to when the customer is a natural person; the same shall apply in the following item)
  - (4) Occupation
  - (5) Investment purposes
  - (6) Status of assets
  - (7) Experience with securities investments
  - (8) Motivation to become a customer
  - (9) Other matters necessary for customer management and clerical processing
2. For investment trust management companies registered to engage in Type I Financial Instruments Business based on the provisions of Article 29 of the FIEA or for financial institutions registered under Article 33-2 of the FIEA (hereinafter “Registered Financial Institutions, etc.”), the Full Member may substitute the customer card described in Article 5 of the Rules on Investment Solicitation and Customer Management by Association Members established by the Japan Securities Dealers Association for the customer card prescribed in the preceding paragraph.
3. Full Members shall not divulge to others any information about a customer known through the customer card, etc.
4. Full Members may create and store customer cards via electromagnetic means.

### Article 6-2. Criteria for the Commencement of Solicitation

When a Full Member solicits a customer (limited to individuals and excluding professional investors; the same shall apply hereinafter in this article and the following article) to acquire a leveraged investment trust established by the Full Member (limited to solicitations via customer visit or phone call for customers who have not requested such solicitation and solicitations conducted at the Full Member headquarters, business offices, or other business locations for customers who have not requested such solicitation), the Full Member shall not solicit to any individual who does not meet the criteria for commencement of Solicitation to be established by the Full Member.

### Article 6-3. Sales via Solicitation to Elderly Customers

When a Full Member engages in the selling of investment trusts to elderly customers via solicitation, the Full Member shall endeavor to solicit investments in an appropriate manner by establishing internal rules concerning the definition of an elderly customer, the investment trusts to be sold, the methods of explanation, and the methods of receiving orders, etc. with consideration of the Full Member’s business category, size, customer distribution and customer attributes, as well as social circumstances and other conditions.

Article 7. Identity Confirmation of Customers, etc.

1. Full Members must conduct identity confirmation of customers, etc. in accordance with the provisions of the Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007; hereinafter “Criminal Proceeds Transfer Prevention Act”) and related laws and regulations. The same shall apply when a Full Member receives a request from a customer to store beneficiary certificates, etc. with an asset management company (meaning an asset management company as defined in Article 11, Paragraph 2).
2. Full Members shall designate a manager responsible for providing notifications of suspicious transactions based on Article 8, Paragraph 1 of the Criminal Proceeds Transfer Prevention Act and shall work to establish an internal audit system.

Article 8. Prohibition of Transactions with Anti-Social Forces

1. Full Members shall not conduct transactions with any parties set forth in the following items (hereinafter “Anti-Social Forces”):
  - (1) Organized crime groups (meaning organized crime groups as defined in Article 2, Item 2 of the Act on the Prevention of Unjust Acts by Organized Crime Group Members)
  - (2) Members of organized crime groups (meaning members of organized crime groups as defined in Article 2, Item 6 of the Act on the Prevention of Unjust Acts by Organized Crime Group Members)
  - (3) An associate member of an organized crime group (meaning any person under the control of an organized crime group or member thereof and suspected of engaging in violent and illegal act (meaning violent and illegal act, etc. as defined in Article 2, Item 1 of the Act on the Prevention of Unjust Acts by Organized Crime Group Members; the same shall apply hereinafter in this article) with the supporting power of an organized crime group, or any person who is not part of an organized crime group but cooperates in the maintenance or operation of an organized crime group such as supplying funds, arms, etc. to an organized crime group or members of an organized crime group)
  - (4) A business affiliated with an organized crime group (meaning a business in which members of an organized crime group are substantially involved in its management, a business in which an associate member of an organized crime group or a former member of an organized crime group is substantially involved in its operation and actively cooperates or engages in the maintenance or operation of an organized crime group, such as supplying an organized crime group with funds, or a business which actively utilizes an organized crime group in the execution of its business and cooperates in the maintenance or operation of an organized crime group)
  - (5) Extortionists, etc. (meaning any person who is likely to commit violent and illegal acts, such as extortion or blackmail, etc. against a company, etc. in pursuit of unlawful profit and who poses a threat to the safety of civil society)
  - (6) Political racketeers (meaning any person who is likely to commit violent and illegal acts, etc. in the guise of a social movement or political party or the promotion thereof in pursuit of unlawful profits and who poses a threat to the safety of civil society)
  - (7) Organized crime syndicates (meaning an organization or person who is at the core of structural



injustices other than those set forth in (1) through (6) and who has a relationship with an organized crime group and uses its power or who has financial ties with an organized crime group)

(8) Any persons equivalent to any of the preceding items

2. If a Full Member discovers that an existing customer is a Anti-Social Forces, the Full Member shall endeavor to terminate the business relationship as soon as possible.
3. If a Full Member faces any violent act or any other wrongful act, etc. when halting a transaction with a Anti-Social Forces, the Full Member shall notify the competent police authorities, etc.
4. In order to comply with the matters stipulated in the preceding three paragraphs, Full Members shall establish internal rules that incorporate such matters.

#### Article 9. Ensuring the Safety of Transactions

When handling an acquisition application from a new customer, a high-volume customer, etc., Full Members shall endeavor to ensure safety by receiving all or part of the application money, etc. from the customer in advance.

#### Article 10. Establishment of a Customer Management System

1. Full Members shall establish internal rules regarding customer surveys, transaction commencement criteria, customer management, etc. to ensure proper customer management, and ensure that their officers and employees comply with those rules.
2. Full Members shall establish a system for customer management and endeavor to accurately understand the status of Direct Offerings, etc. for customers and the state of business activities of Sales Officers and Employees.

#### Article 10-2. Profit and Loss Notifications for Investment Trusts

A Full Member must notify customers of profit or loss (referred to as “Total Return” in the By-laws) pertaining to an investment trust managed by the Full Member (meaning an investment trusts managed under instructions from the settlor and investment trusts managed without instructions from the settlor; the same shall apply hereinafter in this article) through entries or records in a transfer account book as set forth in the By-laws by either contacting the customer directly or using a financial instruments intermediary service provider (meaning a financial instruments intermediary service provider as listed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation).

\* Article 2 of the By-laws

#### Chapter 5: Deposit and Segregated Management of Beneficiary Certificates, Segregated Custody of Money, etc.

##### Article 11. Deposit and Segregated Management of Beneficiary Certificates

1. If an investment trust management member company (meaning an investment trust management company as defined in Article 2, Paragraph 11 of the Investment Trust Act and trust companies, etc. which are trustee

companies for investment trusts managed without instructions from the settlor. The same shall apply to the rest of this article and Articles 12, 13, and 13-2) receives a request from a customer to deposit beneficiary certificates with an asset management company, the member company may do so with the asset management company.

2. The asset management company prescribed in the preceding paragraph shall be an asset management company as defined in the By-laws.

\* Article 3 of the By-laws

3. The investment trust management member company must manage the investment trust beneficial interest it manages as an account management institution by entering or recording such beneficial interest in a transfer account book separately from its own assets under Article 2, Item 1 of the Order Regarding Account Management Institutions (Ordinance of the Cabinet, Ministry of Justice, and Ministry of Finance No. 2 of 2002) by a method equivalent to the method prescribed in Article 43-2, Paragraphs 1 and 2 of the FIEA.
4. The investment trust management member company must receive an audit on the status of segregated management for the investment trust beneficial interest described in the preceding paragraph, conducted on a regular basis of at least once per year by a certified public accountant or an auditing firm (hereinafter a “Certified Public Accountant, etc.”) under Article 2, Item 1 of the Order Regarding Account Management Institutions by a method equivalent to the method prescribed in Article 43-2, Paragraph 3 of the FIEA.
5. The audit described in the preceding paragraph shall create a management report (hereinafter the “Management Report”) regarding compliance with Laws, Rules, etc. concerning segregated management of customer assets that contains the matters specified in the By-laws. This audit shall be the segregated management audit (hereinafter the “Segregated Management Audit”) pertaining to Assurance Engagements for compliance with the Laws, Rules, etc. concerning segregated management using Certified Public Accountants, etc. as set forth in the Japanese Institute of Certified Public Accountants’ Industry Committee Practical Guidelines No. 56, “Practical guidelines for guaranteeing business concerning compliance with the Laws and Rules, etc. concerning the segregated management of customer assets at investment trust management companies that provide Direct Offering, etc. for beneficiary certificates, etc.”

\* Article 3-2 of the By-laws

6. In preparing the Management Report described in the preceding paragraph, the investment trust management member company must implement procedures to confirm that it has established and operated an effective internal control system for compliance with the laws, regulations, etc. concerning segregated management and has conducted the segregated management of customer assets in compliance with such laws, regulations, etc.
7. The investment trust management member company must prepare records on the matters understood in the course of the procedures described in the preceding paragraph and the results of those procedures.
8. When an investment trust management member company undergoes a Segregated Management Audit from a Certified Public Accountant, etc. and receives a report on the results of the Segregated Management Audit (meaning the “Assurance Report Regarding Compliance with the Laws, Rules, etc. Concerning Segregated Management” submitted by the Certified Public Accountant, etc. ; hereinafter the “Segregated Management Audit Report”), the investment trust management member company must promptly notify the Association

using the form prescribed in the By-laws via the electronic notification and storage system for notification from members of the Association (hereinafter the “Notification Management System of Investment Trusts Association”).

However, notification to the Association is not required only for investment trust management member companies that are registered as both Type I Financial Instruments Business and Type II Financial Instruments Business that conduct segregated management for deposits of investments from customers pertaining to Direct Offerings as the business of the Type I Financial Instruments Business (securities management business) and have submitted the Segregated Management Audit Report to the Japan Securities Dealers Association.

\* Article 3-2 of the By-laws

#### Article 11-2. Prohibition on the Acceptance of Deposits of Money or Securities

Investment corporation asset management members (meaning Full Members that are asset management companies as defined in Article 2, Paragraph 21 of the Investment Trust Act) shall not accept deposits of money or securities from customers in connection with their investment management business for any reason whatsoever.

#### Article 12. Segregated Management for Money

1. Investment trust management member companies must manage money deposited by customers (including money deposited with the member company by a customer of a financial instruments intermediary service provider; the same shall apply hereinafter) separately from their assets using a method equivalent to the method prescribed in Article 43-2, Paragraph 2 of the FIEA and based on the By-laws on Segregated Customer Trust Funds for Direct Offerings, etc. of Beneficiary Certificates, etc.
2. The investment trust management member company must regularly undergo Segregated Management Audits from a Certified Public Accountant, etc. at least once per year regarding the status of segregated management for money deposited as described in the preceding paragraph in a manner equivalent to the provisions of Article 43-2, Paragraph 3 of the FIEA.

\* By-laws for Segregated Customer Trust Funds

3. Paragraphs 5 through 8 of Article 11 shall apply mutatis mutandis in this article.

#### Chapter 6: Handling of Documents Provided via Electromagnetic Means, etc.

##### Article 12-2. Handling of Documents Provided via Electromagnetic Means, etc.

Full Members may deliver or acquire the matters to be included in a document using electromagnetic means in lieu of any documents to be delivered to or acquired from a customer in accordance with the provisions of Article 56, Article 57, and Article 57-3 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007) or Article 11 through Article 12 of the Act on the Regulation for Enforcement of Investment Trusts and Investment Corporations (Cabinet Office Order No. 129 of 2000).

Chapter 7: Miscellaneous Provisions

Article 13. Direct Offerings, etc. via Tenancy

When an investment trust management member company leases store space from a financial institution or insurance company (hereinafter a “Financial Institution, etc.”) and engages in a Direct Offerings, etc., the member company shall conduct the Direct Offerings, etc. in the following manner:

- (1) Provide a dedicated space separate from any other space for Direct Offerings, etc. of investment trusts;
- (2) For the time being, one person shall be in residence;
- (3) The following items shall be disclosed in writing:
  - (a) It is not subject to deposit insurance or a contractor protection fund
  - (b) Unlike deposits with financial institutions, there is no guarantee of principal and unlike insurance amounts in insurance contracts, there is no guarantee of amounts to be received, etc.
  - (c) The purchaser of the investment trust shall bear all risk, including any decrease in invested assets
- (4) When posting or distributing advertisements (meaning posters, pamphlets, etc.) for investment trusts inside stores of Financial Institutions, etc., the advertisements shall include the matters set forth in the preceding item in addition to the matters prescribed in Article 37 of the FIEA;
- (5) When subcontracting office work to the Financial Institution, etc. that is leasing the store space, the volume of work subcontracted shall be limited to the minimum amount necessary

Article 13-2. Reinvestment through the Distribution of Income from Open Type Investment Trust

Investment trust management member companies shall adhere to the following matters regarding reinvestments via income distributions from open type investment trust (hereinafter “Reinvestments.”):

- (1) When carrying out Reinvestments, Reinvestments shall be made within the range of the income distribution and shall not be used to compensate for any shortfalls in sales units which exist at the time of the Reinvestment
- (2) Paperwork for the open-ended investment trust connected to a Reinvestment made on the business day following the settlement date shall be processed immediately to enable investment as a trust property on the day following the settlement date

Article 14. Notifications, etc. for Sales Officers and Employees

1. When a Full Member newly engages an officer or employee in the business of Direct Offerings, etc., the Full Member shall notify the Association in advance regarding the name, date of birth, and date of involvement in the business for the officer or employee in question using the form prescribed in the By-laws via the method in the Notification Management System of Investment Trusts Association.

However, if the person newly involved in the Direct Offerings, etc. possesses the required qualifications for a sales representative prescribed in Article 4 of the Rules Concerning Qualification and Registration, Etc. of Sales Representatives of Association Members as established by the Japan Securities Dealers Association (hereinafter referred to as the “Rules for JSDA Sales Representatives”), the Full Member may attach a list of names, etc. of said officers and employees (a list stating the name, date of birth, and date that the sales representatives became able to engage in business) in lieu of listing the notification items. In this case, the

Full Member shall notify the Association immediately after said officers and employees have become able to engage in their duties as sales representatives.

2. If a Sales Officer and Employee within a notification described in the preceding paragraph changes his/her name or is no longer engaged in the relevant duties due to retirement, etc., the Full Member must notify the Association of such change using the form specified in the By-laws via the method of the Notification Management System of Investment Trusts Association.

However, if the person who has ceased involvement in the business is simultaneously deprived of their qualifications as a sales representative as stipulated in Article 4 of the Rules for JSDA Sales Representatives, the member company may attach written notification thereof in lieu of listing the required notification items.

3. Full Members shall not have any of the following persons engage in Direct Offerings, etc.:
  - (a) A person whose sales representative registration has been rescinded under the provisions of Article 64-6, Paragraph 1 of the FIEA and for whom five years have not passed since the date of said rescission
  - (b) A person who has been ordered to suspend his/her sales representative duties under the provisions of Article 64-6, Paragraph 1 of the FIEA and who is currently in the period of suspension for those duties
  - (c) A person who has been ordered to suspend their sales representative duties under the provisions of Article 7 of the Rules for Registration, etc. of Sales Representatives and who is currently in the period of suspension for those duties

\* Article 4 of the By-laws

#### Article 15. By-laws

Necessary matters for the enforcement of these Regulations shall be stipulated in the By-laws.

#### Article 16. Others

Any matters regarding Direct Offerings, etc. of beneficiary certificates, etc. not stipulated for in these Regulations shall be decided by a resolution of the Board of Directors.

#### Article 17. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Regulations or any of the various Guidelines concerning Direct Offerings, etc. of beneficiary certificates, etc.
2. The Self-Regulation Committee shall promptly report to the Board of Directors any decisions made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

#### Supplementary Provision

These Regulations shall come into effect on March 17, 1994.

Supplementary Provision

The amended provisions of Article 5 shall come into effect on February 17, 1995.

Supplementary Provision

The amended provisions of Article 18 and Article 22 shall come into effect on December 1, 1997.

Supplementary Provision

The amended provisions of Article 11, Paragraph 1 shall come into effect on December 16, 1997.

Supplementary Provisions

1. This amendment shall come into effect on December 1, 1998.
2. For beneficiary certificates deposited for custody on or before November 30, 1998, the prior Regulations shall apply until November 30, 1999.
3. For public offerings of securities investment trusts that received approval on or before November 30, 1998, the term “prospectus, etc.” in Article 4 shall be deemed to be replaced with “explanatory note for beneficiary certificates” during the period from December 1, 1998 to November 30, 2000.

Supplementary Provision

The amended provisions of Article 11, Paragraph 2 shall come into effect on March 23, 1999.

Supplementary Provision

The amended provisions of Article 7, Paragraph 3 shall come into effect on February 1, 2000.

Supplementary Provision

The heading of Chapter 5 and the amended provisions of Article 11-2 and Article 14-2 shall come into effect on April 1, 2000.

Supplementary Provision

The amended provisions of Article 1, Article 2, and Article 11-2 shall come into effect on December 15, 2000.

Supplementary Provisions

The new provisions of Article 17 shall come into effect on April 1, 2001.

Supplementary Provision

This amendment shall come into effect on February 1, 2002.

Supplementary Provisions

This amendment shall come into effect on April 1, 2002.

Deleted the provisory clause

#### Supplementary Provisions

This amendment shall come into effect on October 25, 2002.

However, the amended provisions of Article 6 and Article 7 shall come into effect on the date of enforcement (January 6, 2003) of the Act on Identity Confirmation of Customers, etc. by Financial Institutions, etc.

#### Supplementary Provisions

1. This amendment shall come into effect on April 1, 2004.
2. Deleted

#### Supplementary Provisions

1. This amendment shall come into effect on October 1, 2004.  
Provided, however, that this provision shall come into effect on November 1, 2004 for any trust company that is the trustee company for an investment trust managed without instructions from the settlor and which is actually engaged in the business of Direct Offerings, cancellation, etc. when this amended provision is implemented.
2. Any trust company that is the trustee company for an investment trust managed without instructions from the settlor and which is actually engaged in the business of Direct Offerings, cancellation, etc. when this amended provision is implemented shall provide immediate notification of the individuals engaged in the business of Direct Offerings, cancellation, etc. on the date the amended provision is implemented.

#### Supplementary Provision

This amendment shall come into effect on January 19, 2007.

#### Supplementary Provisions

1. This amendment shall come into effect on September 30, 2007.
2. The proviso to supplementary provisions following the amendment on April 1, 2002 and the supplementary provisions 2 following the amendment on April 1, 2004 shall be repealed as of September 30, 2007.

#### Supplementary Provision

This amendment shall come into effect on November 16, 2007.

#### Supplementary Provisions

This amendment shall come into effect from the date of approval on the amendment of the Operational Rules by the competent government agency (March 31, 2008).

However, the amended provisions of Article 7 shall come into effect on March 21, 2008.

#### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on April 1, 2011.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provisions

This amendment shall come into effect on April 1, 2013.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014 and will apply to investment trusts newly purchased by customers on or after such implementation date.

Supplementary Provisions

This amendment shall come into effect on December 19, 2013. However, the term “establishing internal rules” in Article 6-3 shall be deemed to be replaced with “establishing internal rules and other efforts to improve conditions” during the period from the implementation date until three months after the implementation date.

Supplementary Provisions

1. This amendment shall come into effect on June 8, 2017.

However, the amendments of Article 11 and Article 12 shall come into effect on March 31, 2018.

2. For members audited by a certified public accountant or auditing firm under the provisions of Article 12 of the Regulations prior to the implementation date of this amendment, the provisions then in effect shall remain applicable to audits conducted with a reference date on or before March 31, 2018. In such a case, the member may submit a previous audit report, etc. for notification to the Association as set forth in Article 11, Paragraph 8.

\* The amended provisions are as follows:

Amended Article 1; Article 5; Article 7, Paragraph 1; Article 8, Paragraphs 1 through 3.

Deleted Article 11, Paragraph 1 and moved up Article 11, Paragraphs 2 through 3.

Newly established Article 11, Paragraphs 3 through 8 and Article 11-2.

Amended the heading for Article 12, and Paragraph 2 of the same article. Newly established Article 12, Paragraph 3.

Amended Article 13-2; Article 14, Paragraph 1; Article 14, Paragraph 2.

Supplementary Provision



This amendment shall come into effect on September 12, 2019.

\* Corrected the deviation in Article 7

#### Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

Article 11, Paragraph 8; Article 14, Paragraph 1; Article 14, Paragraph 2.

#### Supplementary Provision

This amendment shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

\* The amended provisions are as follows:

Article 5; Article 10-2; Article 12, Paragraph 1; Article 14, Paragraphs 1 through 3

## By-laws on Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc.

Established on March 17, 1994  
Revised on November 7, 1997  
Revised on November 27, 1998  
Revised on April 16, 1999  
Revised on June 19, 2000  
Revised on September 22, 2000  
Revised on December 15, 2000  
Revised on March 15, 2002  
Revised on June 21, 2002  
Revised on October 25, 2002  
Revised on March 19, 2004  
Revised on September 15, 2004  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on February 17, 2011  
Revised on September 18, 2013  
Revised on June 8, 2017  
Revised on April 18, 2019  
Revised on May 20, 2021

### Article 1. Purpose

These By-laws provide for matters necessary for enforcement of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc. (hereinafter referred to as the “Regulations”).

### Article 2. Notification of the Total Return

Notification of the Total Return provided in Article 10-2 of the Regulations shall be conducted as stipulated below.

#### (1) Scope of subject investment trusts

- (i) Notification of the Total Return shall be given for those investment trusts where the public offering of securities (as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "FIEA" )) were conducted among all investment trusts (meaning investment trusts as defined in Article 10-2 of the Regulations; the same shall apply hereinafter ) which are managed by Full Members through entries or records in a transfer account book. )
- (ii) Notwithstanding (i) above, the following investment trusts may be excluded from the requirements for the Total Return notification.
  - (a) An investment trust which was being traded on the Financial Instruments Exchange Market at the time of the customer's purchase;
  - (b) Investment trusts purchased by a customer as investment assets under a discretionary investment contract (meaning contracts as defined in Article 2, Paragraph 8, Item 12 (b) of the FIEA );
  - (c) Investment trusts listed in the provisions of Article 65, Item 2 (a) through (c) of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007);
  - (d) Bond investment trusts (meaning investment trusts as defined in Article 13, Item 2 (a) or (c) of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000 ).);

- (e) Umbrella investment trusts (meaning an investment trust managed as a single fund combining multiple sub-funds under management) which satisfy all of the following requirements;
  - a) Funds which include two or more of sub-funds that state in their investment trust contracts, etc. that their purpose is to actively invest for a purpose other than hedging and will be linked either positively (bull-type fund) or negatively (bear-type fund) (including those with an inverse correlation of a certain multiple) to various indices, assets, etc., as well as sub-funds that state that their purpose is to function as a temporary reserve fund to ensure stable management (money pool fund)
  - b) Funds where switching between sub-funds is possible (including sub-funds other than those described in a) above ; the same shall apply to c) below)
  - c) Funds that do not include sub-funds which make distributions more than twice a year
- (f) Investment trusts and so-called Million Investment Trusts which are deemed to be a savings contract under the workers' property accumulation savings system (as defined in Article 6; Paragraphs 1, 2 and 4 of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971)) and for which the amount of deposit, etc. shall be notified periodically (as provided for in Article 13-20 of Enforcement Order for the Workers' Property Accumulation Promotion Act (Cabinet Order No. 332 of 1971))
- (g) Investment trusts purchased using funds contributed by a defined contribution pension plan (meaning a defined contribution pension as defined in Article 2, Paragraph 1 of the Defined Contribution Pension Act (Act No. 88 of 2001))
- (h) Investment trusts for which a purchase agreement has not been concluded between the relevant Full Member and the customer  
Provided, however, that investment trusts succeeded as result of a merger between Full Members or a company split shall be handled as described in (iii) below.
- (i) Investment trust transferred between the accounts held by the same member company
- (j) Investment trust held by a customer for more than ten (10) consecutive years
- (iii) Notification of the Total Return for investment trusts held by customers that have been succeeded as the result of a merger between Full Members or a corporate split shall be provided by the surviving company or the successor company.

In this case, notification of the Total Return shall be given for the entire period during which the customer held such investment trust. However, if it is difficult to transfer the relevant data, the purchase price may be determined by applying the market price, etc. on the date of receipt of such investment trust into the customer's account, or the accumulated distribution received prior to such receipt may be excluded from the calculation of the Total Return.

## (2) Scope of subject customers

This applies to individual customers (excluding professional investors).

However, professional investors and corporate customers may be included.

## (3) Method of calculating the Total Return

- (i) The Total Return shall be the amount calculated using the following formula:

("(a) Appraisal value"+"(b) Cumulative distribution amount received"+ "(c) Accumulated sales proceeds")-"(d) Accumulated purchase amount"

(ii) The numerical value for each factor in the calculation formula for investment trusts shall be derived as follows:

(a) Appraisal value shall be obtained by evaluating all units of the investment trust held by the relevant customer on the base date of calculation.

Appraisal value = [Base value on the base date of calculation] x [Number of units held on the base date of calculation] / [Calculation unit]

(Note) The redemption value may be used in lieu of the base value.

(b) Cumulative distribution amount received means sum of the distribution payments received (after tax) received by the relevant customer during his/her holding period of the relevant investment trust. However, reinvested amount of any distribution from the reinvestment-type investment trust shall not be included.

Cumulative distribution amount received = [Cumulative sum of the distribution payments received]

Distribution payments received = [distribution amount for the period (distribution amount per unit x number of units held)] - [Tax on the distribution amount for the period]

(Note 1) Reinvested amount of the reinvestment account may be included in the cumulative distribution amount received. Provided, however, that the reinvested amount shall be also included in the accumulated purchase amount.

(Note 2) Distribution payments received may be used on a pre-tax basis.

(c) Accumulated sales proceeds mean the total sales amount received by the customer as result of partial sale(s) of his/her holdings during the holding period of the relevant investment trust.

Accumulated sales proceeds = [Cumulative sum of sales proceeds]

Sales proceeds = [Redemption value] x [Number of units to be sold] / [Calculation unit] - [Redemption fee] - [Consumption tax on the redemption fee]

(d) Accumulated purchase amount means the cumulative sum of amounts used to purchase the relevant investment trust. However, reinvested amount of any distribution from the reinvestment-type investment trust shall not be included.

Accumulated purchase amount = [Cumulative sum of purchase amounts]

Purchase amount = [Contract Price (Base value x Number of units purchased / Calculation unit)] + [Sales commission] + [Consumption tax on the sales commission]

(Note) When reinvested amount of the reinvestment account is included in the cumulative distribution amount received, such reinvestment shall also be included in the accumulated purchase amount.

(iii) For investment trusts denominated in foreign currencies, the Total Return shall be calculated in the currency (foreign currency) pertinent to such investment trusts. However, the Total Return may also be calculated on a yen basis.

(4) Method of notification

- (i) Notification of the Total Return shall be made by any of the following means;
  - (a) Delivery of documents;
  - (b) Transmission using a facsimile machine;
  - (c) Transmission via e-mail (meaning e-mail as defined in Article 2, Item 1 of the Act on Regulation of Transmission of Specified Electronic Mail (Act No. 26 of 2002). ), or;
  - (d) Transmission via the Internet or any other telecommunication line
- (ii) If notification of the Total Return is provided via a method set forth in (b) through (d) of (i) above, the prior consent of the relevant customer shall be obtained for using said method to provide notification of the Total Return. However, customers who have already agreed to receive other documents via electromagnetic means may be notified in advance of the fact that the notification of the Total Return will be delivered via such means in lieu of consent.
- (iii) Notwithstanding the provision of (i) above, until November 30, 2017, a Full Member may notify its customers of Total Return by responding to inquiries received from such customers regarding their Total Returns. In this case, the method of notification of the Total Return may be oral or any of the methods set forth in (a) through (d) of (i) above.
- (iv) When notifying a customer of the Total Return in the manner set forth in (i),(d) above or pursuant to the provision of (iii) above, a Full Member shall send a written notification that the customer can receive the Total Return notification in such electromagnetic means before such customer becomes able to receive the notification by such means. However, any customer who has already given consent to receive other documents by electromagnetic means may be notified by such means in lieu of written notification (the same shall apply to the notification provided for in (6) Contents of notification, (ii) below.).

(5) Frequency of notification and base date of calculation

- (i) Notification of the Total Return as provided for in (4) Method of notification, (i) above shall be given at least once a year. In this case, the base date of calculation for the Total Return shall be determined by each Full Member, and the Total Return of the investment trust held by customers on such base dates shall be notified to the relevant customers.
- (ii) When providing notification in accordance with (4) (iii) above, the Total Return shall be calculated at least once per year and the most recently calculated Total Return shall be notified.

(6) Content of notification

- (i) Notifications of the Total Return shall include the following items:
  - (a) Name of the relevant investment trust;
  - (b) Base date of calculation;
  - (c) Appraisal value;
  - (d) Cumulative distribution amount received and accumulated sales amount (notification of the total amount of receipts which is the sum of both are acceptable.);
  - (e) Accumulated purchase amount;
  - (f) Amount of Total Return;
  - (g) Calculation formula for Total Return;

- (h) Statement to the effect that the amount listed in the document may not be used for calculating taxes, and;
- (i) Other matters deemed necessary by the Full Members
- (ii) Notwithstanding (i) above, in the case of oral response to the inquiry as described in the (4)(iii) if the customer has been notified in advance in writing concerned with matters described in (i), (g) and (h) above, the Full Member may notify matters described in (i), (a), (b) and (f) above as well as other matters deemed necessary by such Member.
- (iii) With regard to the notification of the Total Return, an environment must be maintained in which customers can understand the scope of investment trusts subject to the notification of the Total Return and the basis of each calculation factor in the calculation formula for the Total Return.

### Article 3. Asset Management Companies

An asset management company as described in Article 11, Paragraph 2 of the Regulations shall be a company which is deemed to have no issue in protecting investors by the settlor in consideration of the financial institution's offices and other financial foundations as prescribed in Article 51-3, Paragraph 1, Item 1 of the Order for Enforcement of the Income Tax Act as well as its history of achievements with securities management and operations.

#### Article 3-2. Matters to Be Included in the Management Report

1. The matters to be included in the management report as provided in Article 11, Paragraph 5 of the Regulations shall be as follows:

- (1) The obligation to comply with the laws and regulations, etc. concerning segregated management;
- (2) The obligation for establishing and operating an effective internal control system to ensure legal compliance with the laws and regulations, etc. concerning segregated management;
- (3) The obligation to entrust segregated customer funds or manage customer securities separately if the member is also an account management institution as of the base date for audits (hereinafter referred to as the "Base Date");
- (4) The obligation to perform procedures to confirm that segregated management of customer assets has been implemented in compliance with the laws and regulations;
- (5) Whether or not segregated management for customer assets complies with the laws and regulations as of the Base Date as a result of performing the procedures set forth in the preceding item;
- (6) The content of any event that may have a material impact on compliance with the laws and regulations, etc. concerning segregated management which occurred after the Base Date but before the management report submission date

2. The reference form for the management report shall be Attached Form 1.

3. The form specified in the By-laws as prescribed in Article 11, Paragraph 8 of the Regulations shall be Attached Form 2.

### Article 4. Notifications for Sales Officers and Representatives

1. The form specified in the By-laws as prescribed in Article 14, Paragraph 1 of the Regulations shall be Attached Table 1.
2. The form specified in the By-laws as prescribed in Article 14, Paragraph 2 of the Regulations shall be Attached Table 2.

Supplementary Provision

This standard shall come into effect on March 17, 1994.

Supplementary Provision

The revised Regulations of Article 4, Article 5, and Article 6 shall come into effect on December 1, 1997.

Supplementary Provisions

The revised Regulations of Article 3, Article 4, Article 5, and Article 6 shall come into effect on December 1, 1998.

However, for beneficiary certificates deposited for custody on or before November 30, 1998, the prior standards shall apply until November 30, 1999.

Supplementary Provision

The revised Regulations of Article 3 shall come into effect on April 16, 1999.

Supplementary Provision

The revised Regulations of Attached Table 1 shall come into effect on June 19, 2000.

Supplementary Provision

The revised Regulations of Attached Table 1 shall come into effect on September 22, 2000.

Supplementary Provision

This amendment shall come into effect on December 15, 2000.

Supplementary Provisions

This amendment shall come into effect on April 1, 2002.

Deleted the provisory clause

Supplementary Provisions

This amendment shall come into effect on October 25, 2002.

Deleted the provisory clause

Supplementary Provisions

1. This amendment shall come into effect on April 1, 2004.
2. Deleted

Supplementary Provision

This amendment shall come into effect on October 1, 2004.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provisions

1. This amendment shall come into effect on September 30, 2007.
2. The proviso to supplementary provisions following the amendment on April 1, 2002, the proviso to supplementary provisions following the amendment on October 25, 2002, and the supplementary provision 2 following the amendment on April 1, 2004 shall be repealed as of September 30, 2007.

Supplementary Provision

This amendment shall come into effect on April 1, 2011.

Supplementary Provision

This amendment shall come into effect on December 1, 2014 and will apply to investment trusts newly purchased by customers on or after such implementation date.

Supplementary Provision

This amendment shall come into effect on June 8, 2017.

However, the amendments of Article 3 and Article 3-2 shall come into effect on March 31, 2018.

\* The amended provisions are as follows:

Article 3 is amended. Article 3-2 is newly established. Attached Forms 1 and 2 are newly established. Attached Tables 1 and 2 are amended.

Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

- Attached Form 2 as provided in Article 3-2, Paragraph 3
- Attached Tables 1 and 2 as provided in Article 4, Paragraphs 1 and 2



Attached Form 1  
[Reference Form 1]  
(For a legal audit)

Management Report on Compliance with the Laws and Regulations, etc. Concerning Segregated Management

Reiwa (or Western calendar) (MM) (DD) (YYYY)  
\_\_\_\_ Co., Ltd.  
President and Representative Director \_\_\_\_ [Seal] (Note 1)

As the management (Note 1) of \_\_\_\_ Co., Ltd. (hereinafter the “Company”), pursuant to Article 2, Item 1 of the Order Regarding Account Management Institutions and in accordance with Article 43-2, Paragraphs 1 and 2 of the Financial Instruments and Exchange Act, we are hereby responsible for the segregated management of customer assets in compliance with the following related laws and regulations and the rules of the Investment Trusts Association, Japan.

- Article 43-2, Paragraph 1 and Paragraph 2 of the Financial Instruments and Exchange Act
- Article 136, Article 138, Article 139, Article 141 (excluding, however, Paragraph 1, Item 3 and Items 10 through 13 and Paragraph 5 through Paragraph 7) and Article 141-3 of the Cabinet Office Ordinance on Financial Instruments Business, etc.
- August 2007 Notice No. 57 and No. 58 of the Financial Services Agency
- Article 11 and Article 12 of the Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc.
- By-laws on Segregated Customer Trust Funds for Direct Offering, etc. of Beneficiary Certificates, etc.

We have the obligation to establish and operate an effective internal control system to comply with laws and regulations, etc., have entrusted segregated customer funds as of Reiwa (or Western calendar) MM/DD/YYYY and have the obligation to manage customer securities separately.

The Company has implemented procedures to ensure that it applies segregated management to client assets in compliance with applicable laws and regulations, etc. (Note 2)

As a result of implementing these procedures, the Company represents that it employs segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY. (Note 3)

End of document

(Note 1) The term “management” means any director or executive officer who is responsible for the execution of business operations at the company. For foreign companies, it means a representative in Japan as defined in Article 29-4, Paragraph 1, Item 4 (c) of the Financial Instruments and Exchange Act (including a person acting as a representative as defined in Article 65, Paragraph 1 of the same Act).

(Note 2) If any procedures were unable to be implemented, either of the following shall be included as the effect of the procedures not being implemented:

(Sentence 1)

We have implemented the procedures to verify that \_\_\_\_ Co., Ltd. has segregated customer assets in compliance with the applicable laws and regulations, etc., but have not implemented the procedures described below.

Notice

List the procedures that were unable to be executed and the details of their impacts. ....

As a result of implementing these procedures, we assert that, except for the items above, \_\_\_\_ Co., Ltd. has employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

(Sentence 2)

We have implemented the procedures to verify that \_\_\_\_ Co., Ltd. has segregated customer assets in compliance with the applicable laws and regulations, etc., but have not implemented the procedures described below.

Notice

List the procedures that were unable to be executed and the details of their impacts. ....

As a result of implementing these procedures, we do not assert that, in view of the importance of the items above, \_\_\_\_ Co., Ltd. has employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

(Note 3) The following shall be stated in the case of any non-compliance with laws and regulations, etc.

Because of the following items uncovered as a result of implementing these procedures, we assert that \_\_\_\_ Co., Ltd. has not employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

Notice

List the details of non-compliance with laws and regulations, etc. xxx

(For Audits under Association Rules, etc.)

Management Report on Compliance with the Laws and Regulations, etc. Concerning Segregated Management

Reiwa (or Western calendar) MM/DD/YYYY

\_\_\_\_ Co., Ltd.

President and Representative Director \_\_\_\_ [Seal] (Note 1)

As the management (Note 1) of \_\_\_\_ Co., Ltd. (hereinafter the “Company”), pursuant to Article 43-2, Paragraph 2 of the Financial Instruments and Exchange Act in accordance with Article 123, Paragraph 1, Item 10 of the Cabinet Office Ordinance on Financial Instruments Business, etc. as set forth in Article 40, Item 2 of the Financial Instruments and Exchange Act, we are hereby responsible for the segregated management of customer assets in compliance with the following related laws and regulations and the rules of the Investment Trusts Association, Japan.

- Article 43-2, Paragraph 2 of the Financial Instruments and Exchange Act
- Article 138, Article 139, Article 141 (excluding, however, Paragraph 1, Item 3 and Items 10 through 13 and Paragraph 5 through Paragraph 7) and Article 141-3 of the Cabinet Office Ordinance on Financial Instruments Business, etc.
- August 2007 Notice No. 57 and No. 58 of the Financial Services Agency
- Article 12 of the Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc.
- By-laws on Segregated Customer Trust Funds for Direct Offering, etc. of Beneficiary Certificates, etc.

We have the obligation to establish and operate an effective internal control system to comply with laws and regulations, etc., have entrusted segregated customer funds as of Reiwa (or Western calendar) MM/DD/YYYY and have the obligation to conduct segregated management.

The Company has implemented procedures to ensure that it applies segregated management to client assets in compliance with applicable laws and regulations, etc. (Note 2)

As a result of implementing these procedures, the Company represents that it employs segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY. (Note 3)

End of document

(Note 1) The term “management” means any director or executive officer who is responsible for the execution of business operations at the Company. For foreign companies, it means a representative in Japan as defined in Article 29-4, Paragraph 1, Item 4 (c) of the Financial Instruments and Exchange Act (including a person acting as a representative as defined in Article 65, Paragraph 1 of the same Act).

(Note 2) If any procedures were unable to be implemented, either of the following shall be included as the effect of the procedures not being implemented:

(Sentence 1)

We have implemented the procedures to verify that \_\_\_\_ Co., Ltd. has segregated customer assets in compliance with the applicable laws and regulations, etc., but have not implemented the procedures described below.

Notice

List the procedures that were unable to be executed and the details of their impacts. ……

As a result of implementing these procedures, we assert that, except for the items above, \_\_\_\_ Co., Ltd. has employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

(Sentence 2)

We have implemented the procedures to verify that \_\_\_\_ Co., Ltd. has segregated customer assets in compliance with the applicable laws and regulations, etc., but have not implemented the procedures described below.

Notice

List the procedures that were unable to be executed and the details of their impacts. ……

As a result of implementing these procedures, we do not assert that, in view of the importance of the items above, \_\_\_\_ Co., Ltd. has employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

(Note 3) The following shall be stated in the case of any non-compliance with laws and regulations, etc.

Because of the following items uncovered as a result of implementing these procedures, we assert that \_\_\_\_ Co., Ltd. has not employed segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

Notice

List the details of non-compliance with laws and regulations, etc. ×××

[Reference Form 2]

For where there are no events that affect compliance with the laws and regulations, etc. concerning segregated management as of the Base Date, but between the Base Date and the management report submission date, subsequent events do severely affect compliance with the laws and regulations, etc. concerning segregated management

(Omitted)

As a result of implementing these procedures, \_\_\_\_ Co., Ltd. represents that it employs segregated management for customer assets in compliance with applicable laws and regulations, etc. as of Reiwa (or Western calendar) MM/DD/YYYY.

#### Significant Subsequent Events

As of Reiwa (or Western calendar) MM/DD/YYYY, \_\_\_\_ Co., Ltd. is in the process of a merger by absorption, with \_\_\_\_ Co., Ltd. as the surviving company and \_\_\_\_ Co., Ltd. as the dissolved and absorbed company.

Attached Form 2

Application Date MM/DD/YYYY

To the Chairperson of the Investment Trusts Association, Japan

:

(Trade Name or Name)

(Representative)

#### Submission of a Segregated Management Audit Report

We received a separate management audit report for the Company on MM/DD/YYYY and will therefore submit it in accordance with the provisions of Article 11, Paragraph 8 of the Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc.

(Attached documents: copy of the segregated management audit report and copy of the management report)

Attached Table 1: Notification of Sales Officers and Representatives (related to Article 4, Paragraph 1)

Application Date MM/DD/YYYY

Notification of Sales Officers and Representatives

Trade Name or Name

Telephone (            )

Name	Furigana	Date of Birth	Date of Engagement
		MM/DD/YYYY	MM/DD/YYYY
		MM/DD/YYYY	MM/DD/YYYY

\* Make a note of any maiden names or aliases used in business.

Attached Table 2: Notification of Change of Sales Officers and Representatives (related to Article 4, Paragraph 2)

Application Date MM/DD/YYYY

Notification of Change of Sales Officers and Representatives

Trade Name or Name

Telephone (            )

Name	Furigana	Date of Disengagement (or date of change)	Remarks
		MM/DD/YYYY	
		MM/DD/YYYY	

\* When there is a change in the name of a person included in a previous notification, enter the details of the previous notification (name) in the remarks column.

Also make a note if the old name is used for business after a name change.

# By-laws on Segregated Customer Trust Funds for Direct Offering, etc. of Beneficiary Certificates, etc.

Established on December 15, 2000  
Revised on March 19, 2004  
Revised on January 19, 2007  
Revised on November 16, 2007  
Revised on September 19, 2008  
Revised on February 17, 2011  
Revised on June 8, 2017

## Article 1. Purpose

These By-laws stipulates the necessary matters pertaining to segregated management for money to be returned to customers regarding the business of Direct Offerings, etc. (meaning a Direct Offering, etc. as defined in Article 1 of the Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc. (hereinafter referred to as the “Regulations”); the same shall apply hereinafter) as prescribed in Article 12 of the Regulations conducted by investment trust management member companies (meaning investment trust management companies as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) and trust companies which are the trustee company of an investment trust managed without instructions from the settlor; the same shall apply hereinafter).

## Article 2. Segregated Management

1. When an investment trust management member company discontinues services for a Direct Offering, etc., the company must manage money equivalent to the amount to be refunded to the customer separately from its own individual assets.
2. An investment trust management member company must entrust money equivalent to the amount to be refunded to the customer to either a trustee company or financial institution operating a trust business (hereinafter referred to as “Trustee Company”) located in Japan for the purpose of managing said money.

## Article 3. Amount to Be Refunded to the Customer

1. The amount to be refunded to the customer prescribed in preceding article shall be the amount calculated under Article 138 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007, hereinafter referred to as the “Cabinet Office Ordinance”) (hereinafter referred as the “Individual Segregated Customer Fund Amount”; the same shall apply hereinafter).
2. When calculating the Individual Segregated Customer Fund Amount under the preceding paragraph, the investment trust management member companies may deduct an amount equivalent to any applicable advance payments for the customer’s purchase price.

## Article 4. Requirements, etc. for Segregated Customer Trust Funds

1. Investment trust management member companies must satisfy the requirements for trusts prescribed in Article 2, Paragraph 2 (hereinafter referred to as “Segregated Customer Trust Fund”) in accordance with the requirements provided in Article 141 of the Cabinet Office Ordinance.

2. The beneficiary's representative to be appointed in accordance with the provisions of Article 141, Paragraph 1, Item 3 of the Cabinet Office Ordinance shall be a person to which any of the following apply:
  - (1) A representative director or any other equivalent person in the investment trust management member company who is responsible for the management of business execution;
  - (2) A person possessing suitable qualifications to supervise the execution of trust management business such as a lawyer, certified public accountant, and so forth, or;
3. If any of the events described in each item of Article 79-53, Paragraph 1 of the FIEA apply to an investment trust management member company, said member shall appoint a person described in Item 2 of the preceding paragraph as the beneficiary's representative.

Article 5. Notification for Discontinuance of Services for Direct Offering, etc.

1. If an investment trust management member company, etc. decides to discontinue services for Direct Offering, etc. or if any of the reasons described in each item of Article 79-53, Paragraph 1 of the FIEA applies to said member, the member must immediately notify the beneficiary's representative thereof (in the case of an event described in the items of Article 79-53, Paragraph 1 of the FIEA, the beneficiary's representative shall be the beneficiary's representative provided for in Article 4, Paragraph 3; the same shall apply hereinafter in this article).
2. If the beneficiary's representative receives the notification described in the preceding paragraph from the investment trust management member company, the representative must immediately notify the Trustee Company to that effect.

Article 6. Prohibition of Instructions on Investment in Cases Corresponding to the Reasons Defined in the Items of Article 79-53, Paragraph 1 of the FIEA

If any of the reasons described in items of Article 79-53, Paragraph 1 of the FIEA applies to an investment trust management member company, such member shall not provide the trustee with any instructions on investment except when specifically acknowledged by the beneficiary's representative (meaning the beneficiary's representative described in Article 4, Paragraph 3).

Article 7. Books and Documents, etc. Pertaining to Segregated Customer Trust Funds

1. Investment trust management member companies shall notify the beneficiary's representative of the status of the necessary amount of segregated customer funds (meaning the total amount of the Individual Segregated Customer Fund Amount; the same shall apply hereinafter), the amount of segregated customer trust funds (meaning the appraised value of the principal of the trust property as provided for in that item; the same shall apply hereinafter), and the necessary amount of additional trusts (meaning the amount equivalent to any shortfall if the amount of segregated customer trust funds as provided for in that item is less than the necessary amount of segregated customer funds; the same shall apply hereinafter) as of the reappraisal base date (meaning the reappraisal base date set forth in Article 141, Paragraph 1, Item 7 of the Cabinet Office Ordinance).
2. Investment trust management member companies shall prepare books listing the necessary amount of



segregated customer funds, the amount of segregated customer trust funds, and the necessary amount of additional trusts on each settlement date.

3. The books and documents described in the preceding paragraph shall be kept for 10 years from the date of their preparation.

#### Supplementary Provisions

1. These By-laws shall come into effect from December 15, 2000.
2. The Board of Directors' Resolution dated February 18, 2000, entitled "Standards for Segregated Customer Trust Funds for Direct Selling Pertaining to Public Offerings of Beneficiary Certificates and Investment Securities Conducted by Securities Investment Trust Entrustment Businesses" is repealed.

#### Supplementary Provision

This amendment shall come into effect on April 1, 2004.

#### Supplementary Provision

This amendment shall come into effect on January 19, 2007.

#### Supplementary Provision

This amendment shall come into effect on November 16, 2007.

#### Supplementary Provision

This amendment shall come into effect on October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on April 1, 2011.

#### Supplementary Provision

This amendment shall come into effect on June 8, 2017.

\* The amended provisions are as follows:

Article 1 is revised. Article 4, Paragraph 2 is revised.

# Rules on Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions

Established on February 17, 2011

Revised on December 20, 2012

Revised on June 10, 2021

## Article 1. Purpose

The purpose of these Rules is to protect investors by thoroughly developing appropriate products and preparing appropriate disclosure materials for complex investment trusts similar to over-the-counter derivatives transactions and by ensuring proper public offerings or private placements of beneficiary certificates for investment trusts established by the Company in order to secure investor confidence in financial and capital markets.

## Article 2. Definition of Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions

In these Rules, the term “complex investment trusts similar to over-the-counter derivative transactions” means, among bonds with redemption or interest conditions set by derivatives transactions prescribed in Article 2, Paragraph 20 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the “FIEA”) or commodity derivative transactions prescribed in Article 2, Paragraph 15 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950), or bonds structured by a method that has the same effect as such derivatives transactions, an investment trust that has the same merchantability as such structured bonds or an investment trust that has the same effect as such structured bonds by investing in such structured bonds as set forth in any of the following items (except when the bond is a government bond and any of the following apply due to deterioration of the credit status of either the issuing company or the relevant company if the bond has a mechanism that refers to the credit status of a single corporation):

- (a) Those for which the redemption price could be below face value (excluding those designed to have the fluctuation rate of redemption price correspond to the numerical value obtained by multiplying the fluctuation rate of the price or a specific index from the date of issue until redemption (hereinafter referred to as the “Benchmark Index”) by a preset multiple (limited to 1 or -1)) or those with conditions for redemption with other securities due to the automatic exercise of derivative trading rights, etc.
- (b) Those for which the interest is not fixed at time of issuance and for which redemption money is not paid in the same currency as the purchase currency (excluding those designed to have interest rate fluctuations correspond to fluctuation rate of the interest index.)
- (c) Those for which the interest is not fixed at time of issuance and for which interest is not paid in the same currency as the purchase currency (excluding those designed to have interest rate fluctuations correspond to fluctuation rate of the interest index.)
- (d) Those for which, depending on conditions, the interest rate will be zero or very close to zero (excluding those designed to have interest rate fluctuations correspond to fluctuation rate of the interest index.)

Article 3. General Rules for Direct Offerings, etc.

1. When soliciting new acquisition of beneficiary certificates of investment trusts among those established by the Management Company and managed under instructions from the settlor, investment trust management companies (meaning those defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), hereinafter a “Management Company”) and financial instruments intermediary service providers (meaning a financial instruments intermediary service provider as defined in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) shall fully understand the characteristics and risks of the investment trust and shall not solicit acquisition of those for which a suitable customer to acquire the investment trust cannot be supposed.
2. Management Companies and financial instruments intermediary service providers (hereinafter referred to as “Management Companies, etc.”) must fully explain to and strive to gain the understanding of customers regarding the significant matters of public offerings or private placements and other business of beneficiary certificates of investment trusts managed under instructions from the settlor established by the Management Company.

Article 4. Criteria for the Commencement of Solicitation

When soliciting customers (limited to individuals and excluding professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding those who are deemed to be a customer who is not a professional investor with regard to the types of contracts listed in Article 53, Item 1 or Item 2 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007; hereinafter the “Order on Financial Instruments Business”) in accordance with the provisions of Article 34-2, Paragraph 5 of the FIEA and including those who are deemed to be professional investors with regards to the types of contracts listed in Article 53, Item 1 and Item 2 of the Order on Financial Instruments Business in accordance with Article 34-3, Paragraph 4 of the FIEA (including when applied mutatis mutandis to Article 34-4, Paragraph 6 of the same act)); the same shall apply hereinafter in Article 5 and Article 6); the same shall apply hereinafter in this article) for the acquisition (limited to those conducted by visiting or telephoning a customer who has not requested the solicitation of said acquisition, and those conducted at the head office or other sales or business offices of the Management Company to a customer who has not requested the solicitation of said acquisition) of beneficiary certificates of complex investment trusts similar to over-the-counter derivatives transactions established by the Management Company, Management Companies, etc. shall set Guidelines for the Commencement of Solicitation and shall not solicit the acquisition to customers who do not meet the guidelines.

Article 5. Delivery of Alert Documents, etc.

1. When intending to conclude a contract involving the acquisition of complex investment trusts similar to over-the-counter derivatives transactions established by the Management Company, Management Companies, etc. must deliver alert documents to the customer (excluding professional investors; the same shall apply hereinafter in this article and the following article) in advance. Provided, however, that this shall not apply to cases where alert documents involving the acquisition of an investment trust with the same

details as such investment trust were delivered to the customer within one year of the conclusion of the investment for acquisition and the customer has agreed to not be issued a prospectus pursuant to the provisions of Article 15, Paragraph 2, Item 2 of the FIEA.

2. The alert documents described in the preceding paragraph must clearly and accurately indicate the following matters:
  - (1) Alerts regarding risk
  - (2) The fact that it is possible to use the service for complaint processing and dispute resolution from the Non-Profit Organization, Financial Instruments Mediation Assistance Center engaged in complaint and dispute resolution services entrusted by the Association in accordance with Article 12, Paragraph 2 and Article 13, Paragraph 2 of Operational Rules, and the contact information thereof
3. When Management Companies, etc. intend to conclude a contract regarding the acquisition of an investment trust with a customer, they shall provide advance explanations on the matters set forth in the items of the preceding paragraph in a manner and to the degree necessary for such customer to understand the matters in light of the customer's knowledge, experience, status of assets, and purpose for concluding the contract.
4. If a contract is concluded for the acquisition of an investment trust within one year of the delivery date for alert documents for an investment trust with the same contents as said investment trust (including the date that alert documents are deemed to have been delivered as set forth in this Paragraph), the provisions of the proviso to Paragraph 1 shall apply by deeming that alert documents were delivered on the date of conclusion.

#### Article 6. Obtaining Confirmation Documents from Customers

When intending to conclude a contract with a customer concerning the acquisition of complex investment trusts similar to over-the-counter derivatives transactions established by the Management Company, Management Companies, etc. shall obtain a confirmation document from the customer regarding the acquisition in order to obtain confirmation from the customer that they have understood the following matters and will make a purchase in response to the solicitation for acquisition at the discretion and responsibility of the customer.

- (1) Details of the significant matters in Article 3, Paragraph 2
- (2) Details in the contract stating that the customer can conduct transactions in light of the fact that, based on the amount of estimated loss through the contract (including the amount of a sale (early cancellation) in the event of a redemption before maturity (early cancellation) (provisional estimate)), the customer can tolerate the amount of the loss and the impact that the expected amount of loss will have on the customer's business or the state of the customer's finances or assets.

#### Article 7. Delivery of Documents via Electromagnetic Means, etc.

1. Management Companies, etc. may provide the matters to be included in alert documents via the electromagnetic means set forth in Article 56 and Article 57 of the Order on Financial Instruments Business in lieu of physical delivery, etc. of alert documents as prescribed in Article 5. In this case, the Management Company shall be deemed to have delivered the alert documents.
2. Management Companies, etc. may be provided the matters to be included in confirmation documents via the electromagnetic means set forth in Article 57-3 of the Order on Financial Instruments Business in lieu of

physical delivery, etc. of confirmation documents as prescribed in Article 6. In this case, the Management Company shall be deemed to have secured the confirmation documents.

#### Article 8. Applicable Benchmark Index

For complex investment trusts similar to over-the-counter derivatives transactions, the applicable Benchmark Index shall be used only when the investor can obtain such index through a newspaper, information terminal, website of the Management Company, information provided from distributors, and so forth.

#### Article 9. Naming Restrictions

The name of investment trusts for complex investment trusts similar to over-the-counter derivatives transactions (including any nicknames for investment trusts) shall not use a name that contains any of the following elements, such as “Secured principal type,” “Conditional principal secured type,” “Risk reduction type,” or “Risk limitation type.”

- (1) A name which could lead to a misunderstanding that the principal and yield or either the principal or yield of the investment trust are guaranteed
- (2) A name which could lead to a misunderstanding that the likelihood of loss of principal is small
- (3) A name which could lead to a misunderstanding that the fluctuation risk in the base value is low

#### Article 10. Improving Product Explanations to Distributors, etc.

1. Management Companies shall endeavor to further enhance product explanations to distributors regarding complex investment trusts similar to over-the-counter derivatives transactions.
2. For complex investment trusts similar to over-the-counter derivatives transactions, Management Companies shall collect information on complaints made to distributors regarding previous similar investment trusts established by the Management Company and analyze such information. Based on the results of such analysis, the Management Company shall endeavor to enhance product composition in consideration of complaints from investors, improve and reform newly established products, etc.

#### Article 11. Special Provisions for Disclosure, etc. of Specific Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions

Disclosure, etc. of complex investment trusts similar to over-the-counter derivatives transactions which are provided for in the By-laws shall be as provided for in the By-laws in addition to these Rules.

\* Article 2 of the By-laws

#### Article 12. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Article 13. Others

Any matters not stipulated for in these Rules may be decided by a resolution of the Board of Directors.

Article 14. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors. ).

Supplementary Provisions

1. These Rules shall come into effect on April 1, 2011.
2. If a Management Company intends to conclude a contract concerning the acquisition of an investment trust on or after the date of enforcement of these Rules and has delivered alert documents to the customer prior to the date of enforcement for these Rules in the same manner as the example in Article 5 after the date of enforcement, the Management Company shall be deemed to have delivered the alert documents to the customer pursuant to the provisions of that article.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

\* The amended provisions are as follows:

Article 3, Paragraphs 1 and 2; Article 4; Article 5, Paragraphs 1 through 3; Article 6; Article 7, Paragraphs 1 and 2

# By-laws on Regulations for Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions

Established on February 17, 2011

## Article 1. Purpose

These By-laws set forth the necessary matters concerning implementation of the Regulations for Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions (hereinafter referred to as the “Regulations”).

## Article 2. Definition of Specific Investment Trusts

Among complex investment trusts similar to over-the-counter derivatives transactions as defined in Article 11 of the Regulations, investment trusts as defined in the By-laws shall be investment trusts to which the following definition applies (hereinafter referred to as “Specific Investment Trusts”):

Investment trusts that state in the prospectus or investment trust contracts that the target investment outcome (redemption value, revenue distribution, etc.) or trust end date will be determined by a specific index or price level (hereinafter referred to as the “Benchmark Index”) by utilizing derivatives transactions (meaning derivatives transactions as defined in Article 2, Paragraph 20 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”) and derivatives transactions as defined in Article 2-15 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950); the same shall apply hereinafter) (including those that utilize them directly or utilize them indirectly via structured bonds, etc. (meaning structured bonds as defined in Article 2 of the Regulations; the same shall apply hereinafter)), have the functions and mechanisms to secure the principal (or limit losses) based on certain conditions for price fluctuations of the Benchmark Index (except for those related to credit), and possess product attributes that will result in damages to the principal or special profitability for investors such as the attribute that the redemption value reflects price fluctuations of the Benchmark Index when the Benchmark Index reaches a Certain Level during a certain period of the trust period using a knock-in option or similar investment economic effect (meaning the level when rising or falling beyond a certain range, hereinafter referred to as the “Certain Level”) versus when that Certain Level is not reached.

## Article 3. Presentation

The following text shall be displayed on the cover or in the header of prospectuses, sales materials, and other documents describing the contents of the investment trust (including documents provided via electromagnetic means) (hereinafter referred to as “Marketing Materials, etc.”) in order to facilitate an understanding of Specific Investment Trusts and clearly draw the attention of investors to the risk of substantial damage to the principal if the Benchmark Index reaches the Certain Level. In this case, the font size shall be no smaller than 12 points as specified in the Japanese Industrial Standard Z8305, and the text shall be surrounded by a frame.

**There is a risk that the principal of this investment trust will be significantly damaged if the Benchmark Index\* reaches the predetermined Certain Level. Please consider such risk carefully when applying for this investment trust.**

\* The Benchmark Index shall be one which matches the content of the investment trust (for example, the “Nikkei Stock Average Index”).

Article 4. Special Provisions for Disclosure of Marketing Materials, etc.

1. Marketing Materials, etc., for Specific Investment Trusts shall include the following items in the following order:

- (1) Explanations on when the Benchmark Index reaches the Certain Level shall clearly and plainly describe the fact that investment trusts that have reached the Certain Level of the Benchmark Index will lose their functions to secure, etc. the principal once that Certain Level has been reached, that they shall then have product attributes where the redemption value fluctuates in response to the value of the Benchmark Index, and also describe the details of the redemption value, etc. to be assumed corresponding to price fluctuations of the Benchmark Index.
- (2) If there are restrictions on early cancellation, they shall emphasize and explain the correlation between the level of the Benchmark Index before and after reaching the Certain Level and restrictions on early cancellation (any restrictions should be described clearly, such as “If the beneficiary attempts to redeem an investment trust immediately before or after the Benchmark Index reaches a Certain Level, the investment trust cannot be redeemed if the timing of the application for redemption falls within the closed period during which redemption cannot be made.”) in an easy-to-understand way.
- (3) When incorporating structured bonds, describe the fact that they are “structured bonds that include derivative structures” and appropriately describe the “credit risk” and “liquidity risk” of structured bonds.
- (4) Explanations on investment policies, explanations on distribution policies, and information on structured bonds or other special mechanisms (issuer, etc.) shall be included after the descriptions (1) through (3) above.

2. The matters to be included in (1) through (3) of the preceding paragraph shall be explained using characters and numerals in no smaller than 12-point font as specified in the Japanese Industrial Standard Z8305, and shall also be included with typographical emphasis or other devices to make them stand out as much as possible.

3. In preparing the Delivery Prospectus, it should be noted that (1) through (4) above shall be described as the “Purpose and Features of the Fund,” followed by another description of the “Investment Risk.”

Article 5. Special Provisions for Disclosure regarding Investment Reports

Specific Investment Trusts shall disclose the relative status of the value, start value and knock-in value, etc. of the index as of the preparation of the investment report and shall clearly and plainly indicate the fact that investment trusts that have reached the Certain Level of the Benchmark Index have lost their functions to secure, etc. the principal due to the fact that Certain Level has been reached and that they shall have product



attributes where the redemption value fluctuates in response to the value of the Benchmark Index, and also indicate the details of the redemption value, etc. to be assumed corresponding to price fluctuations of the Benchmark Index.

Article 6. Special Provisions for Timely Disclosure

With regard to Specific Investment Trusts, more thorough and timely disclosure shall be made, and disclosure materials indicating the fact that investment trusts that have reached the Certain Level of the Benchmark Index have lost their functions to secure, etc. the principal due to the fact that Certain Level has been reached and that they shall have product attributes where the redemption value fluctuates in response to the value of the Benchmark Index, and the details of the redemption value, etc. to be assumed corresponding to price fluctuations of the Benchmark Index shall be made in clear and easy-to-understand manner, disclosed on the website of the Management Company, and sent to the distributors.

Article 7. Preparation of Disclosure Materials for Unconfirmed Information, etc.

When forming Specific Investment Trusts, the coupon rate, amount of distribution, and other determinates of profit shall promptly be prepared as disclosure materials after they have been determined, and the disclosure materials shall be sent to distributors.

Article 8. Preparation of Information Disclosure Materials Using the Benchmark Index, etc.

When the Benchmark Index reaches a Certain Level when forming Specific Investment Trusts, disclosure materials shall be prepared in accordance with the provisions of Article 6 and any Marketing Materials, etc., to be used for public offerings of the investment trust shall state that the disclosure materials will be sent to distributors.

Supplementary Provision

These By-laws shall come into effect from April 1, 2011.

# Rules on Investment Reports, etc. for Investment Trusts and Investment Corporations

Established on March 19, 2004  
Revised on May 25, 2004  
Revised on March 18, 2005  
Revised on April 21, 2006  
Revised on May 24, 2006  
Revised on June 19, 2006  
Revised on November 17, 2006  
Revised on February 16, 2007  
Revised on September 21, 2007  
Revised on June 20, 2008  
Revised on July 18, 2008  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on September 16, 2009  
Revised on February 17, 2011  
Revised on September 15, 2011  
Revised on March 15, 2012  
Revised on May 24, 2012  
Revised on December 20, 2012  
Revised on June 12, 2014  
Revised on July 17, 2014  
Revised on November 20, 2014  
Revised on December 18, 2014  
Revised on May 21, 2015  
Revised on July 16, 2015  
Revised on May 18, 2017  
Revised on September 20, 2018  
Revised on April 18, 2019

## Chapter 1: General Provisions

### Article 1. Purpose

The purpose of these Rules is to prescribe the items to be included in investment reports for investment trusts and asset management reports for investment corporations, the information to be provided, the method of delivery, etc., and to ensure the proper disclosure of information, etc., concerning the management of investment trusts, etc., thereby aiding investors' understanding and contributing to their protection.

## Chapter 2: Items to Be Indicated in Investment Reports for Investment Trusts

### Article 2. Items to Be Indicated on the Cover Page of Investment Reports (Full Version)

1. The cover page of an investment trust investment report (full version) (excluding the investment trust investment reports prescribed in Chapters 3 and 6; hereinafter the same shall apply in this chapter) shall indicate the following items of information.
  - (1) The label "Investment Report (Full Version)"
  - (2) The name of the investment trust
  - (3) Fiscal period and date of settlement (for investment trusts with accounting periods of less than six months, the respective fiscal period and date of settlement)

- (4) The structure of the investment trust in question (including the investment policy for the relevant investment trust property.)
- (5) Name and address of the investment trust management company (meaning an investment trust management company as specified in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as the “Investment Trust Act”), hereinafter referred to as a “Management Company”).
- (6) Name and telephone number of point of contact for inquiries, etc.  
This shall include the following:
  - (i) Name of contact, telephone number, times available
  - (ii) Management Company’s website address, etc.

2. The structure of the investment trust in question as prescribed in Item 4 of the preceding paragraph shall be briefly indicated in that investment trust’s prospectus.

Article 3.        Items to Be Indicated in the Main Text of Investment Reports (Full Version) and Their Order  
The main text of investment trust’s Investment Reports (Full Version) shall indicate the information as specified in the respective items below. In principle, the Investment Reports (Full Version) shall indicate such information in the following order.

- (1) Investment performance since establishment
  - (a) For unit type investment trusts, the following information shall be indicated for the duration from the establish of the trust to the end of the current period: base value, cash dividend, fluctuation rate for the period, beneficiary yield, and benchmark (if there is no benchmark, a reference index such as a stock price index shall be used, hereinafter the same shall apply in this item and the following item), composition ratio of major assets invested and principal remaining rate.
  - (b) The following indicators shall be displayed for each accounting period for five or more periods prior to the current period for open type investment trusts (for investment trusts with an accounting period of less than six months, five or more preparation periods (referring to the preparation period stipulated in Article 59, Paragraph 1 of the Ordinance on Accountings of Investment Trusts (Cabinet Office Ordinance No. 133 of 2000; hereinafter referred to as the “Ordinance on Investment Trust’s Financial Statements”); the same shall apply in Chapters 2 through 4 below)) and three or more periods prior to the current period for open type bond investment trusts (for investment trusts with an accounting period of less than six months, three or more preparation periods): base value, cash dividend, fluctuation rate for the period, benchmark, composition ratio of major assets invested, status of total net assets, and indicators that show the correlation ratio between changes in base value and changes in the underlying indicator (limited to securities investment trusts that stipulate in the investment trust contracts, the matters listed in Article 12, Item 2 (a) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, hereinafter referred to as the “Cabinet Order”)) (underlying indicator as defined in Article 19, Paragraph 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of 2000)).

- (2) Base value and market trends: Changes in base value, benchmark, and composition ratio of major assets invested for the current period (for investment trusts with an accounting period of less than six months, the preparation period concerned; hereinafter the same shall apply in Chapters 2 to 4) shall be indicated on a month-end basis.
- (3) Explanation of investment progress, etc.
  - (a) The following items shall be included in the explanation of investment progress, etc.
    - (i) Changes in base value during the current period shall be presented using charts and tables. In addition, when using charts and tables, in principle, the benchmark (if there is no benchmark, a reference index such as a stock price index shall be used) shall be indicated together, and if it is not possible to indicate both, the specific reason shall be indicated in a note or by other means in the field for investment performance since establishment as stipulated in Item 1.
    - (ii) As a general rule, the beginning of the section shall be a brief description of the changes in base value (rise or fall; the same shall apply hereinafter) during the period, listing the main reasons therefor.
    - (iii) For investment trusts with a benchmark, the changes in base value of the investment trust shall be compared with that of the benchmark, and the status and factors behind the difference shall be concisely indicated, including the way in which risk (meaning tracking error, etc.) is taken.
    - (iv) The reasons for changes in base value shall be explained in as much detail as possible, using charts and other methods, taking into account the investment policy in the prospectus of the investment trust in question and the future investment policy indicated in the investment report for the previous period, as well as the changes in the composition ratio of major investment assets, the composition ratio by industry sector, and the composition ratio by country, or the timing, extent of changes, and reasons for changes in the issues incorporated in the investment trust.
    - (v) The future investment policy shall be indicated in detail based on the investment policy in the prospectus of the investment trust in question.
    - (vi) With respect to dividends, the basis for determining such dividends and the future investment policy for retained earnings shall be indicated.
  - (b) The following matters shall be taken into consideration when presenting an explanation of investment progress, etc.
    - (i) The text should be concise and plainly worded
    - (ii) Efforts should be made to improve readability through charts, headings, bullet points, etc.
    - (iii) Difficult technical terms and industry terms should be avoided.
    - (iv) Duplication of the same information should be avoided to the extent possible
- (4) Details of expenses per 10,000 units: Details of expenses, etc. per 10,000 units (meaning the unit representing base value; the same shall apply hereinafter) for the current period shall be indicated.
- (5) (Reference information) Total expense rate: The following information on the total expense rate shall be indicated as reference information. (For private placement investment trusts, this shall be optional items to be indicated.)
  - (a) The total expense rate is calculated by dividing the total amount of expenses (in principle, excluding

subscription fees, trading commissions, and securities transaction taxes) incurred in the operation and management of the investment trust during the period (for investment trusts with accounting periods of less than six months, the period for which the report is formulated) by the average number of units of beneficial interests during the period multiplied by the average base value (per unit) during the period. The proportion made up by each item identical to the disclosed items in the details of expenses per 10,000 units (in principle, excluding subscription fees, trading commissions, and securities transaction taxes) shall be displayed in a pie chart. In a fund of funds, the total expense rate shall be the aforementioned ratio plus the expense rate of the investee funds. In addition to the ratio of each of the aforementioned items, the target funds' ratios of investment management expenses and ratios of expenses other than investment management expenses shall be displayed in a pie chart. In addition to this, the total expense rate, the ratio of this fund's expenses, the ratio of the investment target funds' management expenses and ratios of expenses other than investment management expenses shall be displayed in a table. Even if the details of expenses per 10,000 units of an investee fund cannot be obtained in the fund of funds, if the ratio calculated by dividing the total amount of expenses incurred by the investee fund by the average total amount of net assets of the investee fund during the period can be obtained, such ratio may be regarded as the expense rate of the investment target funds. In principle, subscription fees, trading commissions, and securities transaction taxes shall be excluded from the expenses of investment target funds.

- (b) An explanation such as "The total expense rate (annual rate), which is calculated by dividing the total amount of expenses (in principle, excluding subscription fees, trading commissions, and securities transaction taxes) incurred in the operation and management of the investment trust during the period (for investment trusts with an accounting period of less than six months, the period for which the report is formulated) by the average number of units of beneficial interests during the period multiplied by the average base value (per unit) during the period, is XX%" should be provided in an easily visible location.
  - (c) Each ratio shall be converted to an annual rate and rounded to the second decimal place.
  - (d) Expenses other than investment management expenses of investment target funds shall be disclosed to the extent possible.
  - (e) Expense rates of investment target funds shall be disclosed as precisely as possible, such as by determining the percentage of holdings on a monthly basis and multiplying by the trust fee rate of the investee fund.
  - (f) Notes that would be useful to investors regarding investment target funds, such as staggered accounting periods, should be included.
- (6) Status of purchases, sales, and transactions: The status of purchases, sales, or transactions of assets incorporated in a trust during the current period shall be separately indicated for each type of asset as specified in the By-laws.
- (7) Status of derivative transactions: Investment trusts that actively invest in derivatives shall classify transactions pertaining to derivatives by type as specified in the By-laws, whether domestic or foreign, and shall indicate the balance of transactions at the end of the current period (the end of the relevant

preparation period for investment trusts whose accounting period is less than six months; hereinafter the same shall apply in Chapters 2 to 4) and the amount of transactions during the current period in accordance with the respective classifications.

- (8) Share trading ratio: The amount of shares traded, the average market capitalization of shares incorporated in the trust, and the trading volume ratio during the current period.
- (9) Major issues traded: Major investment targets shall be classified by asset type as specified in the By-laws, and the top 10 issues in terms of trading volume shall be indicated for each classification.
- (10) Status of transactions with interested parties, etc.: The status of transactions with interested parties, etc., the total amount of trading commissions paid to such interested parties, etc., and other matters specified in the By-laws shall be indicated.
- (11) Status of proprietary trading by Management Companies that are also engaged in Type I Financial Instruments Business, Type II Financial Instruments Business or Business of Assuming Commodity Transaction Debts: The status of transactions between the investment trust property and a Management Company that concurrently engages in Type I Financial Instruments Business (referring to Type I Financial Instruments Business as defined in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "FIEA")); the same shall apply hereinafter), Type II Financial Instruments Business (referring to Type II Financial Instruments Business as defined in Paragraph 2 of the same Article; the same shall apply hereinafter), or Business of Assuming Commodity Transaction Debts (referring to Business of Assuming Commodity Transaction Debts as defined in Article 2, Paragraph 17 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950)), and the total amount of trading commissions paid to the Management Company in question shall be indicated.
- (12) Status of Self-Acquisition and Disposition of beneficiary securities of investment trusts or investment securities of investment corporations established by a Management Company: The following information shall be indicated: the balance at the beginning of the period (for investment trusts with an accounting period of less than six months, the balance at the end of the immediately preceding preparation period), amount of principal created during the current period, amount of principal cancelled during the current period, balance at the end of the current period, and the reason for the transaction shall be indicated separately for the reasons listed in each item of Article 6-2, Paragraph 1 of the Rules for Full Members' Business Operations, etc.
- (13) Description of Incorporated Assets: Description of Incorporated Assets into the trust shall be indicated separately for each type of asset as specified in the By-laws, and for each type of currency.
- (14) Status of margin transactions: If margin transactions are conducted at the end of the current period, the balance and appraised value at the end of the current period shall be indicated.
- (15) Status of short selling of bonds: If short selling of bonds has been conducted as of the end of the current period, the balance (face value) and appraised value of each type of bond at the end of the current period shall be indicated.
- (16) Status of loans and borrowing of securities: With regard to securities loaned or borrowed at the end of the current period, the total number of shares or total face value shall be indicated by classifying each

type of security. Securities lent or borrowed to or from an interested party, etc. should be written in parentheses, and the name of the party to or from which the securities are lent or borrowed should be noted.

- (17) Composition of the investment trust property: The assets incorporated in the trust as of the end of the current period shall be classified by asset type as specified in the By-laws, and the appraised value of each asset and its ratio to the total amount of the investment trust property shall be indicated.
- (18) Investigation of price, etc. of specified assets: If an investigation of the price, etc. of specified assets has been conducted, the name or trade name of the person who conducted the said investigation and a summary of the results and method of the said investigation shall be indicated.
- (19) Status of assets, liabilities, principal and base value, and profit and loss: A balance sheet and profit, loss and surplus statement prepared in accordance with the provisions of the Ordinance on Investment Trust's Financial Statements may be used instead. In this case, when using those for which the audit has not yet been completed, a note to that effect shall be made.

In addition, if there are any matters to be noted as stipulated in the Ordinance on Investment Trust's Financial Statements, such matters shall be noted.

- (20) Investment trust property management summary: When the trust contract period has ended, the investment trust property management summary prescribed in Article 58, Paragraph 1, Item 26 of the Ordinance on Investment Trust's Financial Statements shall be indicated.
  - (21) Indication of dividends, etc.: For investment trusts with an accounting period of less than six months, dividends, etc. for each accounting period during the six months preceding the end of the preparation period shall be indicated.
  - (22) Announcements: In the event that there is a change, etc. in the Basic Terms and Conditions of the investment trust that is deemed important by the Management Company, or if there is a change, etc. in the management system that is deemed important by the Management Company during the current period, the details thereof shall be indicated.
  - (23) Disclosure of real estate, etc. and infrastructure assets, etc.: With regard to the disclosure of investment trust property that incorporates real estate, etc. (as defined in Article 3, Paragraph 2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as the "Rules on REIT, etc."); the same shall apply hereinafter)), asset-backed securities, etc. (as defined in Article 3, Paragraph 3 of the Rules on REIT, etc.; the same shall apply hereinafter), infrastructure assets, etc. (as defined in Article 3, Paragraph 5 of the Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as the "Rules on IIT, etc."); the same shall apply hereinafter), and infrastructure-related assets (as defined in Article 3, Paragraph 6 of the Rules on IIT, etc.; the same shall apply hereinafter), it should be noted that the provisions of Chapter 7: Real Estate Investment Trusts and Chapter 9: Infrastructure Investment Trusts apply in addition to the provisions of Article 58 of the Ordinance on Investment Trust's Financial Statements.
2. The benchmark prescribed in Paragraph 1, Items 1 through 3 means an index that serves as an evaluation or target standard for the investment results of the investment trust in question, and shall be described as such in investment trust contracts or its prospectus. This shall include the target indices of investment trusts

managed through index investment.

3. The disclosure of separate information by trading market may be made at a Management Company's discretion.
4. When producing Investment Reports (Full Version), the term "special distribution" (as defined in Article 27 of the Order for Enforcement of the Income Tax Act (Cabinet Order No. 96 of March 31, 1965); the same shall apply hereinafter) shall be expressed as "principal payback (special distribution)."
- 5 For publicly offered open type investment trust, a "breakdown of distribution sources" as specified in the By-laws shall be indicated. In addition, when indicating the information, it shall be indicated in one of the items specified in Item 3, Item 18, or Item 20 of Paragraph 1.

\* Article 2, Article 3, Article 4, Article 5, Article 6, Article 7, Article 7-2 of the By-laws

#### Article 3-2. Items to be Indicated on the Cover of an Investment Trust Investment Report (Delivery Version)

The following items shall be indicated on the cover of an investment trust investment report for delivery (as defined in Article 14, Paragraph 4 of the Investment Trust Act, hereinafter referred to as the "Investment Report (Delivery Version)"; the same shall apply hereinafter, excluding Chapter 6).

- (1) The label "Investment Report (Delivery Version)"
- (2) The name and instrument classification of the investment trust in question as stated on the cover of the Delivery Prospectus (including equivalent documents in the case of a privately placed investment trust; the same shall apply hereinafter in this article and the following article).
- (3) Fiscal period and date of settlement (for investment trusts with accounting periods of less than six months, the respective fiscal period and date of settlement) and the periods for which the report is formulated
- (4) Base value and total net assets as of the end of the fiscal year (for investment trusts with accounting periods of less than six months, the final date of the period for which the report is formulated)
- (5) The fluctuation rate in the base value after dividend reinvestment (the base value calculated on the assumption that pre-tax dividends have been reinvested at the time of distribution; the same shall apply hereinafter) and total dividends during the accounting period (for investment trusts with an accounting period of less than six months, the "period for which the report was formulated")
- (6) Name and address of the Management Company
- (7) Name and telephone number of point of contact for inquiries, etc.  
This shall include the following:
  - (i) Name of contact, telephone number, times available
  - (ii) Management Company's website address, etc.
  - (iii) The fact that the Investment Reports (Full Version) will be delivered upon the request of the beneficiary and how to obtain it.
- (8) To beneficiaries: "To beneficiaries" shall be stated. In this case, the information in the "Purpose and Features of the Fund" section of the Delivery Prospectus shall be quoted and provided.
- (9) Investment policy: A concise and easy-to-understand written description of the investment policy shall



be given, with reference to the investment policy in the “Purpose and Features of the Fund” section of the Delivery Prospectus. In addition, in order to avoid repetition of the previous item, efforts shall be made to display the information in a way that is easy to understand for beneficiaries, such as consolidating the areas where the information is displayed.

- (10) Other information: For investment trusts that stipulate in their investment trust contracts that the items to be included in the Investment Reports (Full Version) are to be provided by electromagnetic means (electromagnetic means as defined in Article 14, Paragraph 2 of the Investment Trust Act), that fact and the information necessary for viewing the items to be included in the Investment Reports (Full Version) shall be indicated.

#### Article 3-3. Items to Be Indicated in the Main Text of Investment Reports (Delivery Version) and Their Order

The main text of an investment trust’s Investment Report (Delivery Version) shall indicate the information as specified in the respective items below. In principle, the Investment Report (Delivery Version) shall indicate such information in the following order.

- (1) Explanation of investment progress

The following items shall be included in the explanation regarding the progress of investment.

- (i) Changes in base value, etc.

Changes in base value shall be presented using charts.

- (ii) A concise and easy-to-understand written explanation shall be given of the main factors behind fluctuations in the base value, while comparing them with the information described in the “Purpose and Features of the Fund” section of the investment trust’s Delivery Prospectus.

- (iii) Details of expenses per 10,000 Units during the current period (for investment trusts with an accounting period of less than six months, the period for which the report is formulated)

The details of expenses per 10,000 units during the current period shall be presented in the following manner.

- (a) The statement “The average base value during the current period is XX yen” shall be written in an easily visible location such as the summary of the item.

- (b) For investment trusts with an accounting period of less than six months, as a general rule, all six months should be listed together.

- (c) Notes on “Other Expenses” shall describe typical expenditures and add additional information on expenditures as necessary.

- (d) Explanatory notes on investment target funds shall be included.

- (iv) (Reference information) Total expense rate: The following items regarding the total expense rate shall be indicated as reference information. (For private placement investment trusts, this shall be optional items to be indicated.)

- (a) The total expense rate is calculated by dividing the total amount of expenses (in principle, excluding subscription fees, trading commissions, and securities transaction taxes) incurred in the operation and management of the investment trust during the period (for investment trusts with

accounting periods of less than six months, the period for which the report is formulated) by the average number of units of beneficial interests during the period multiplied by the average base value (per unit) during the period. The proportion made up by each item identical to the disclosed items in the details of expenses per 10,000 units (in principle, excluding subscription fees, trading commissions, and securities transaction taxes) shall be displayed in a pie chart. In a fund of funds, the total expense rate shall be the aforementioned ratio plus the expense rate of the investee funds. In addition to the ratio of each of the aforementioned items, the target funds' ratios of investment management expenses and ratios of expenses other than investment management expenses shall be displayed in a pie chart. In addition to this, the total expense rate, the ratio of this fund's expenses, the ratio of the investment target funds' management expenses and ratios of expenses other than investment management expenses shall be displayed in a table. Even if the details of expenses per 10,000 units of an investee fund cannot be obtained in the fund of funds, if the ratio calculated by dividing the total amount of expenses incurred by the investee fund by the average total amount of net assets of the investee fund during the period can be obtained, such ratio may be regarded as the expense rate of the investment target funds. In principle, subscription fees, trading commissions, and securities transaction taxes shall be excluded from the expenses of investment target funds.

- (b) An explanation such as "The total expense rate (annual rate), which is calculated by dividing the total amount of expenses (in principle, excluding subscription fees, trading commissions, and securities transaction taxes) incurred in the operation and management of the investment trust during the period (for investment trusts with an accounting period of less than six months, the period for which the report is formulated) by the average number of units of beneficial interests during the period multiplied by the average base value (per unit) during the period, is XX%" should be provided in an easily visible location.
  - (c) Each ratio shall be converted to an annual rate and rounded to the second decimal place.
  - (d) Expenses other than investment management expenses of investment target funds shall be disclosed to the extent possible.
  - (e) Expense rates of investment target funds shall be disclosed as precisely as possible, such as by determining the percentage of holdings on a monthly basis and multiplying by the trust fee rate of the investment target funds.
  - (f) Notes that would be useful to investors regarding investment target funds, such as staggered accounting periods, should be included.
- (v) Changes in the base value, etc. over the last five years
- Changes in base value over the last five years shall be described in the following manner.
- (a) Changes in base value and changes in the base value of after dividend reinvestment shall be shown using a line graph.

A note shall be made to the effect that the dividend data represents pre-tax figures.
  - (b) The line graph shall be accompanied by a bar graph or area graph of the change in total net assets.
  - (c) The base value, total dividends for the period (including tax), the fluctuation rate of the

benchmark (if there is no benchmark, a reference index such as a stock price index shall be used), and the total amount of net assets as of the settlement date for each of the last five years shall be indicated using charts and graphs.

For funds with an accounting period of six months or less than six months, each settlement date shall be deemed to be a fixed settlement date for each year.

- (d) In principle, benchmarks (or reference indices such as stock price indices if there is no benchmark) shall be indicated in the relevant charts and graphs, and if this is not possible, specific reasons shall be given.
- (e) The horizontal axis of the graph shall be five years, even if the investment performance record is less than five years.
- (vi) A brief and easy-to-understand explanation of the investment environment for the investment trust in question shall be provided in writing for each asset incorporated in the trust.
- (vii) A concise and easy-to-understand written explanation of the investment trust's portfolio shall be given, for each asset incorporated in the trust, with reference to the investment progress and results during the current period based on the investment policy described in the "Purpose and Features of the Fund" section of the Delivery Prospectus.
- (viii) The investment trust's deviation from its benchmark during the period for which the Investment Report (Delivery Version) is formulated shall be indicated.

For investment trusts with a benchmark, changes in the base value of the investment trust shall be compared with that of the benchmark, and the status and factors behind the difference shall be indicated in a concise and easy-to-understand manner, including the way in which risk (tracking error, etc.) is taken.

In addition, a bar graph shall be displayed showing a comparison of the fluctuation rate between the base value of the investment trust in question and the benchmark. If no benchmark has been established, such fact shall be stated and the fluctuation rate in a reference index shall be used instead.

This shall not apply to investment trusts that do not have a benchmark or a reference index.

- (ix) For investment trusts with an accounting period of less than six months, dividends, etc. for each accounting period during the six months preceding the end of the preparation period shall be indicated.
  - (x) The mother fund's investment progress and the changes in its investment status can be described in the same section that describes the investment trust in question.
- (2) Future investment policy: A concise and easy-to-understand written description of the future investment policy shall be given, for each asset incorporated in the trust, based on the investment policy in the "Purpose and Features of the Fund" section of the Delivery Prospectus.
  - (3) Announcements: In the event that there is a change, etc. in the investment trust contracts that is deemed important by the Management Company, or if there is a change, etc. in the management system that is deemed important by the Management Company during the current period, the details thereof shall be indicated.
  - (4) Summary of the investment trust: A summary of the investment trust (instrument classification, trust

period, investment policy, main investment targets, investment method and dividend policy) shall be presented using a table.

- (5) Comparison of fluctuation rate with typical asset classes: As reference information, the “comparison of fluctuation rate with representative asset classes” shown in the Delivery Prospectus shall be updated to the latest data, using data as of the end of the month immediately preceding the end of the accounting period (for investment trusts with accounting periods of less than six months, the end of the preparation period).
- (6) Data on the investment trust in question

The following items shall be indicated in an easy-to-understand manner by using graphs, etc.

- (i) Details of assets incorporated in the investment trust

The assets stipulated in Article 58-2, Paragraph 1, Items 5 through 17 of the Ordinance on Investment Trust’s Financial Statements shall be presented in the following manner.

- (a) A table shall be displayed indicating, as of the end of the preparation period, the total number of issues incorporated, as well as at least the top 10 issues and the proportion they account for. If one of the top issues is a fund, the top three or more funds as of the end of the preparation period shall be listed, and a table shall be displayed for the respective proportions they account for. In addition, detailed information on all issues shall be included in the notes.
- (b) Shares by asset, country, and currency shall, in principle, be presented in a pie chart. However, in cases where the total amount exceeds 100% and cannot be shown in a pie chart, a bar chart may be used. When bar graphs are used, notes shall be added as necessary.
- (c) Pie charts shall be presented as flat graphs.
- (d) In principle, graphs should be presented in terms of “ratio to net assets,” and if they are presented in terms of “ratio to portfolio,” for example, a note to that effect should be included.
- (e) If one of the top issues is a fund, the nature of that fund’s incorporated assets shall not be indicated.

- (ii) Net assets, etc.

The total amount of net assets, the total number of beneficial interests, and the base value per 10,000 units shall be indicated using a table. In addition, “the amount of additional principal created during the current period (current preparation period) is ¥XX million, and the amount of principal cancelled during the same period is ¥XX million” shall be written outside the field indicating net assets, etc.

For investment trusts with an accounting period of less than six months, this shall be indicated for each accounting period during the six months preceding the end of the preparation period.

- (iii) Summary of top funds incorporated

Investment target funds such as the mother fund as defined in Article 58-2, Paragraph 2 of the Ordinance on Investment Trust’s Financial Statements shall be indicated in the following manner.

In the case of a family fund method or fund of funds, a table shall be displayed indicating, as of the end of the investment trust’s accounting period (preparation period), and with respect to the major investment target funds as of the end of the most recent accounting period, the total number of issues incorporated, as well as at least the top 10 issues and the proportion they account for. Shares by asset,

country, and currency shall be described in the following manner using charts and tables, etc.

- (a) Shares by asset, country, and currency shall be in accordance with (b) and (c) of (i).
  - (b) Changes in base value shall be indicated by a line graph.
  - (c) A detailed statement of expenses per 10,000 units during the accounting period shall be provided.
  - (d) In cases where there are two or more layers in the structure of investment target funds, efforts shall be made to present the information in a manner that is easy to understand for beneficiaries, such as by describing the actual sources of investment income.
2. The benchmark prescribed in the preceding paragraph shall mean an index that serves as an evaluation or target standard for the investment results of the investment trust in question, and shall be described as such in the Basic Terms and Conditions of the investment trust or its Delivery Prospectus. This shall include the target indices of investment trusts managed through index investment.
  3. When producing an Investment Report (Delivery Version), the term “special distribution” shall be expressed as “principal payback (special distribution).”
  4. For publicly offered open type investment trust, a “breakdown of distribution sources” shall be presented in a manner consistent with Article 3, Paragraph 5 of the Rules. In addition, when displaying the information, it shall be indicated in Paragraph 1, Item 1,(viii).

#### Article 4. Disclosure Relating to Mother Funds

When a mother fund is incorporated, the Investment Reports (Full Version) shall, in accordance with the provisions of Article 58, Paragraph 2 of the Ordinance on Investment Trust’s Financial Statements, indicate the status of the accounting period immediately preceding the accounting period of the mother fund to which the last day of the accounting period of the investment trust in which the relevant mother fund is incorporated belongs.

#### Article 5. Selective Open Type Investment Trusts

Open type investment trusts that consist of a group of multiple investment trusts and allow investors to select and switchover between those investment trusts shall be able to prepare Investment Report (Full Version) and Investment Report (Delivery Version) that compile reports indicating the matters listed in Articles 2 and 3, 3-2 and 3-3 for each investment trust.

#### Article 6. Special Provisions, etc. for Funds of Funds

1. The provisions of Article 2, Article 3 and Article 9 shall apply mutatis mutandis to Funds of Funds (excluding investment trusts whose main investment target is solely the mother fund (meaning an investment trust whose purpose is to have its beneficial interests acquired by a trustee of another investment trust, excluding those specified in the investment trust contracts to be acquired only by Funds of Funds; the same shall apply hereinafter in this article) for which the Management Company gives instructions on investment; the same shall apply hereinafter).
2. In presenting the items listed in Article 3, Paragraph 1, Item 3 as applied mutatis mutandis under the preceding paragraph, the price movements of the investment trust securities (meaning investment trust

securities as defined in Article 2, Paragraph 3 of the Rules on Management of Investment Trusts, etc. (hereinafter referred to as the “Management Rules”), the same shall apply hereinafter) held by a fund of funds shall be explained in relation to the changes in the base value of the fund of funds in question.

3. With respect to the following investment trust securities held as of the last day of a fund of funds’ accounting period, the matters specified in each of the following items shall be disclosed as of the last day of the accounting period of the investment trust securities that falls during the accounting period of the fund of funds in question (if the investment trust securities have more than one accounting period during the accounting period of the fund of funds, the last day of the accounting period shall be the last day of the fund of funds’ most recently disclosed accounting period).

(1) Beneficiary certificates of securities investment trusts or investment certificates of securities investment corporations as defined in Article 12, Paragraph 1, Item 1 of the Management Rules: Details of the securities held by the securities investment trust in question (meaning securities investment trusts and securities investment corporations (including foreign securities investment trusts and foreign securities investment corporations); the same shall apply hereinafter in this article), or the top issues, and a breakdown of expenses or a profit and loss statement for the securities investment trust, etc.

(2) Beneficiary certificates of real estate investment trusts or investment securities of real estate investment corporations as defined in Article 12, Paragraph 1, Item 2 of the Management Rules

Matters listed in the following sub-items (a) and (b):

(a) The following matters with respect to beneficiary certificates of real estate investment trusts or investment securities of real estate investment corporations that account for more than 10% of the total net assets of a fund of funds as of the end of the fund of funds’ accounting period

(i) The purpose and basic nature of the said real estate investment trust, etc. (meaning real estate investment trusts and real estate investment corporations (including foreign real estate investment trusts and foreign real estate investment corporations); the same shall apply hereinafter in this article) or an equivalent section of the company’s profile

(ii) The amount of asset management fees, etc. per unit of the said real estate investment trust, etc.

If the amount of asset management fees, etc. per unit cannot be disclosed, the reason for this shall be indicated, together with the fact that disclosure materials on the financial results, etc. of the said real estate investment trust, etc. can be obtained as reference information, or the method of obtaining such materials, such as a website address where the said disclosure materials can be viewed.

(b) To the effect that the investment management company or the general administration company of the said real estate investment trust, etc. is a Management Company that gives instructions on the management of the said fund of funds or an interested party thereof, if applicable.

(3) Beneficiary certificates of investment trusts other than securities investment trusts, etc., as defined in Article 12, Paragraph 1, Item 4 of the Management Rules, or investment securities other than those of securities investment corporations, as defined in Article 30 of the same Rules: Details of the assets held by the investment trust, etc. in question (meaning investment trusts and investment corporations

(meaning similar assets overseas, including those that fall under the category of beneficiary certificates of foreign investment trusts or foreign investment securities (excluding foreign investment securities that are similar to investment corporation bonds) as defined in the FIEA) the same shall apply hereinafter in this article), or the top issues, and a breakdown of expenses or a profit and loss statement for the investment trust, etc.

4. Disclosure pertaining to held investment trust securities as prescribed in the preceding paragraph may be indicated for each investment trust or investment corporation at the end of the investment report as “details of investment trust securities incorporated.” Disclosure of items other than those stipulated in the preceding paragraph shall be made by the Management Company in consideration of their importance.

#### Article 7. Property Accumulation Benefit Funds

With respect to property accumulation benefit funds (meaning investment trusts that have workers as beneficiaries based on a workers’ property accumulation benefit contract provided for in Article 6-2 of the Workers’ Property Accumulation Promotion Act (Act No. 92 of 1971), and to which the employer who employs the worker contributes all of the money allocated to the establishment of the investment trust), in addition to the matters prescribed in Articles 2 and 3, the execution fee rate of trust fees, the timing of its application, and the tax amount of special corporate income tax, etc., as specified in the Basic Terms and Conditions of the investment trust, shall be noted in the profit and loss information prescribed in Article 3, Paragraph 1, Item 18.

#### Article 8. Form, etc. of Investment Reports

1. The items to be indicated as prescribed in Article 2, Paragraph 1, Item 4 and Article 3 (excluding the matters prescribed in Paragraph 1, Items 3, 15, 17, and 19 through 21) and Article 3-3 pertaining to investment trusts may be indicated in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.
2. The provisions of Articles 2 through 7 and the provisions pertaining to the preceding paragraph shall not preclude making additional efforts beyond those prescribed.

\* Committee Resolution 1, Committee Resolution 2

#### Article 9. Standards for Investment Reports (Full Version)

Investment Report (Full Version) shall use B5 size (including B5 variant size (“jubako size”)) or larger paper.

#### Article 9-2. Standards, etc. for Investment Reports (Delivery Version)

1. When Investment Reports (Delivery Version) are provided in printed form, B5 (including B5 variant size (“jubako size”)) or larger paper shall be used.
2. The size of text used should be large enough to be easily read by the beneficiaries.

However, for the opening section (“To beneficiaries”) and the description of major items, the text should be 10 points or larger, as specified in Japanese Industrial Standards Z8305.

3. The amount of information shall be sufficient for beneficiaries to be able to understand it easily.

4. Regarding the style, etc. of the report, the following items shall be taken into consideration when preparing Investment Reports (Delivery Version).
  - (a) Written explanations shall be concise and plainly worded. In particular, in describing the main factors behind fluctuations in base value, the investment environment, the portfolio, deviations from the benchmark, dividends, and future investment policy, the names of items and explanations in text should be made more accessible to beneficiaries by, for example, adding color to the background or changing the font.
  - (b) Efforts should be made to improve readability through charts, headings, bullet points, etc.
  - (c) Difficult technical terms and industry terms should be avoided.
  - (d) Duplication of the same information should be avoided to the extent possible.

Article 10. Delivery of Investment Reports (Full Version)

1. Unless otherwise specified in the By-laws, Management Companies must deliver the Investment Report (Full Version) prescribed in Article 14, Paragraph 1 of the Investment Trust Act to known beneficiaries each time it is produced. However, in cases where the Basic Terms and Conditions of the investment trust stipulate that the matters to be stated in the investment report are to be provided by electromagnetic means instead of the delivery of the Investment Report (Full Version) set forth in Paragraph 1 of the same article of the Act, a Management Company shall be deemed to have delivered the Investment Report (Full Version), but must deliver an actual Investment Report (Full Version) when requested to do so by beneficiaries.

Delivery of the Investment Report (Full Version) may be conducted through a distributor that has concluded a service agreement with the Management Company regarding the delivery of the Investment Report (Full Version).

2. In delivering an Investment Report (Full Version) under the provisions of the preceding paragraph, an Investment Report (Full Version) may be delivered to the following beneficiaries by the methods specified in each item.
  - (1) Beneficiaries who own investment trusts purchased through payroll deduction or bank transfer: Beneficiaries may receive Investment Reports (Full Version) through their employers (including cases where the reports are compiled and delivered under the provisions of Item 2). In this case, the distributor shall confirm with the employer that it will be delivered from the employer to the beneficiary, and shall send the necessary number of copies to the employer.
  - (2) Beneficiaries who have continuously purchased property formation units or accumulated investment account of long-term bond investment trusts (meaning long-term bond investment trusts launched in 1961) under the Workers' Property Formation Promotion Act, and/or accumulated investment account of regular fixed-form investment trusts (meaning investment trusts of the same type with ongoing monthly settlement of accounts, and in which continuous investment is possible), and who have been confirmed using a method specified in the By-laws: Investment Reports (Full Version) covering a maximum of 12 months may be compiled and delivered.
  - (3) Beneficiaries of Property Accumulation Benefit Funds: The investment report (full version) shall be delivered through the employer or directly.



\* Article 8 and Article 9 of the By-laws

Article 10-2. Delivery of Investment Reports (Delivery Version)

1. Unless otherwise specified in the By-laws, Management Companies must deliver the Investment Report (Delivery Version) prescribed in Article 14, Paragraph 4 of the Investment Trust Act to known beneficiaries each time it is produced.

Delivery of the Investment Report (Delivery Version) may be conducted through a distributor that has concluded a service agreement with the Management Company regarding the delivery of the Investment Report (Delivery Version).

2. The provisions of Paragraph 2 of the preceding article shall apply mutatis mutandis to the delivery of the Investment Report (Delivery Version) under the provisions of the preceding paragraph. In this case, the term “Investment Report (Full Version)” shall be replaced with “Investment Report (Delivery Version).”

\* Article 8 and Article 9 of the By-laws

Chapter 3: Items to Be Indicated for Daily Settlement Open Type Investment Trusts for Investing in Public and Corporate Bonds

Article 11. Items to Be Indicated on the Cover Page

The provisions of Article 2 (excluding Paragraph 1, Item 3) shall apply mutatis mutandis to the items to be indicated on the cover of investment reports for open type investment trusts that settle accounts on a daily basis and are intended for investing in public and corporate bonds (hereinafter referred to as “Daily Settlement Type Bond Investment Trusts”).

Article 12. Items to Be Indicated in the Main Text

1. The items to be indicated in the main text of the investment reports for Daily Settlement Type Bond Investment Trusts shall be as follows.

- (1) Dividend per 10,000 units
- (2) Explanation of investment progress, etc.
- (3) Status of assets, liabilities, principal and base value
- (4) Status of purchases/sales and profit/loss regarding incorporated securities, etc.
- (5) Status of creation/cancellation of the fund by the company
- (6) Details of bonds incorporated by type
- (7) Details of individual issues of bonds incorporated
- (8) Details of expenses per 10,000 units

2. In presenting the details of individual issues of bonds incorporated as prescribed in Item 7 of the preceding paragraph, the items specified in the By-laws shall be indicated.

\* Article 10 of the By-laws

Article 13. Additional Items to Be Indicated for MMFs

1. Investment reports for MMFs (referring to investment trusts prescribed in Article 2, Paragraph 1 of the Rules on Operation of MMFs, etc. (hereinafter referred to as the “MMF Rules”)) shall indicate the following matters in addition to the matters prescribed in the preceding article.

(1) Ratio of incorporated assets by rating to total net assets

2. Issues for which the content is unclear, such as structured bonds, shall be indicated in an easy-to-understand manner.

#### Article 14. Form and Presentation Guidelines

The items to be indicated in the investment reports for Daily Settlement Type Bond Investment Trusts, as prescribed in the preceding three paragraphs, may be presented in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Committee Resolution 3

#### Article 15. Delivery of Investment Reports

The provisions of Paragraph 1 and Paragraph 2 of Article 10 shall apply mutatis mutandis to the delivery of investment reports for Daily Settlement Type Bond Investment Trusts.

#### Chapter 4: Items to Be Indicated in Monthly Disclosures for MRFs and MMFs

##### Article 16. Monthly Disclosures for MMFs

1. Management Companies operating MMFs shall disclose the following items (hereinafter referred to as “Items for Monthly Disclosure”) at least once a month in the manner prescribed in Article 17.

(1) Balance and ratio of incorporated assets by type

(2) Ratio of incorporation of public and corporate bonds (excluding government bonds, etc., as defined in Article 3, Paragraph 1, Item 1 of the Rules on Operation of MMFs, etc. (“Government Bonds, etc.”) and financial bonds), financial bonds, CP, CDs, etc. by top five issuers

(3) Ratio of incorporated assets by rating to total net assets

2. Items for Monthly Disclosure specified in the preceding paragraph shall be presented in the manner prescribed in the By-laws.

3. The Items for Monthly Disclosure specified in Paragraph 1 may be presented in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Article 11 of the By-laws

\* Committee Resolution 4

##### Article 16-2. (Monthly Disclosures for MRFs)

1. Management Companies operating MMFs shall disclose the Items for Monthly Disclosure at least once a month in the manner prescribed in the following article.

(1) Balance and ratio of incorporated assets by type

(2) Status of incorporation ratio of public and corporate bonds and short-term financial assets by issuer

- (3) Ratio of incorporated assets by rating to total net assets
2. Items for Monthly Disclosure specified in the preceding paragraph shall be presented in the manner prescribed in the By-laws.
3. The Items for Monthly Disclosure specified in Paragraph 1 may be presented in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Article 11-2 of the By-laws

\* Committee Resolution 4

#### Article 17. Method of Monthly Disclosures

The monthly disclosures specified in the preceding two articles shall be made in the following manner:

- (1) Posting on the website of the Management Company
- (2) Method of placing at the office of the distributor

#### Chapter 5: Timely Disclosure

##### Article 18. Timely Disclosure

1. A Management Company shall disclose the following matters regarding investment trusts for which it provides management instructions in a timely manner via the Management Company's website or similar means.
  - (1) For stock investment trusts, the following information shall be indicated as specified in the respective items below.
    - (a) Summary of the investment trust: The base value, total amount of net assets, etc. as of the date of establishment, date of maturity, date of settlement of accounts, and base date (meaning the date that serves as the basis for such timely disclosure, which is voluntarily determined by the Management Company; the same shall apply hereinafter) shall be indicated.
    - (b) Graph of changes in base value: The graph shall be displayed for the past three years or more. The basis for calculation should be clear, such as including dividends before tax deductions. In addition, for investment trusts that specify a benchmark (a benchmark as defined in Article 3, Paragraph 2; the same shall apply hereinafter) in the prospectus, this shall be presented in comparison with such benchmark.
    - (c) The investment trust's fluctuation rate by period: Taking the base value on the base date as a standard, the fluctuation rate shall be indicated for the periods of one year and three years (for investment funds that have been in existence for less than three years, the period since establishment). The basis for calculation should be clear, such as including dividends before tax deductions. For investment trusts that specify a benchmark in the prospectus, the fluctuation rate of such benchmarks during each period shall also be indicated.
    - (d) Disclosure of expenses: In disclosing the above (b), the trust fee rate of the investment trust in question, or in cases where such trust fee rate fluctuates, the most recent trust fee rate as of the base date. A note shall be added to the effect that the base value in question is the value after deducting the

- trust fee rate. In this case, the indication may substitute for the amount of trust fees.
- (e) Actual dividends: Figures shall be indicated for the past three periods or more.
  - (f) Status of asset incorporation: The status of the investment trust's portfolio shall be indicated in terms of asset composition, top issues incorporated, proportion by industry, etc., in accordance with the product characteristics of the investment trust.
  - (g) For investment trusts whose main investment target is bonds and which the Management Company judges to be appropriate due to the nature of the investment trust's product, the status of the portfolio shall be indicated by the average remaining maturity or duration of the bonds in the investment trust.
- (2) For public and corporate bond investment trusts, the following information shall be indicated as specified in the respective items below.
- (a) Summary of the investment trust: The date of establishment, date of redemption, date of settlement, base value on the base date and total amount of net assets, etc. shall be indicated.
  - (b) Disclosure of expenses: The trust fee rate of the investment trust in question (or in cases where such trust fee rate fluctuates, the most recent trust fee rate as of the base date). It shall also be indicated that the base value in question is the value after deducting the trust fee rate. In this case, the indication may substitute for the amount of trust fees.
  - (c) Actual dividends and changes in yield: Figures shall be indicated for the past three periods or more. For Daily Settlement Type Bond Investment Trusts, the annualized yield or actual dividends for the most recent seven days shall be presented for the last three months or more.
  - (d) Status of asset incorporation: The status of the investment trust's portfolio shall be indicated in terms of asset composition, top issues incorporated, proportion by type, etc., in accordance with the product characteristics of the investment trust.
  - (e) For investment trusts which the Management Company judges to be appropriate due to the nature of the investment trust's product, the status of the portfolio shall be indicated by the average remaining maturity or duration of the bonds in the investment trust.
2. The timely disclosure prescribed in the preceding paragraph shall be made on a monthly basis. However, for an interim period, it may be disclosed on a quarterly basis.
3. Among the items to be displayed as prescribed in Paragraph 1, the base value and total amount of net assets on the base date as prescribed in Items 1 (a) and 2 (a), the fluctuation rate by period as prescribed in Item 1 (c), and the graph of changes in base value as prescribed in Item 1 (b) (limited to those for the past three years or more) may be substituted by linking to the relevant items for the investment trust in question in the comprehensive search system for investment trusts operated by the Association.

#### Article 19. Disclosure of Matters with a Significant Impact on Base Value

In order to respond to cases where a Management Company itself determines that disclosure should be made when an event that has had a significant impact on the base value of the relevant investment trust occurs, the Management Company shall establish internal rules regarding whether or not disclosure is permitted in advance, and shall disclose the details of the event that is determined to have had a significant impact on the base value of the relevant investment trust through the Management Company's website or other means.

Article 19-2. Disclosure in Cases Where Investment Restrictions Are Exceeded to Avoid Concentration of Credit Risk

1. In the event that the ratio of exposure to the total amount of net assets of the investment trust property as specified in Article 17-2, Paragraph 1 of the Management Rules exceeds 10% for each of the categories listed in the items of the same paragraph of the same article, or 20% in total (hereinafter referred to as the “Base Ratio”)(including cases in which Article 17-2 is applied by replacing the relevant terms in Article 17-3, Paragraph 1, Item 3 of the Management Rules), the Management Company shall, within three months after completing the adjustment specified in the same paragraph of the same article, disclose the fact that the Base Ratio has been exceeded and that the adjustment has been completed thereafter on the Management Company’s website or by other means.
2. The provisions of the preceding paragraph shall not apply to funds to which Article 17-2 of the Management Rules does not apply and funds for which the measures prescribed in Article 17-3 (excluding Paragraph 1, Item 3) of the same Rules have been taken.

Article 20. Voluntary Disclosure Investment Trusts

Notwithstanding the provisions of Article 18 and Article 19, for privately placed investment trusts, listed investment trusts (meaning investment trusts as defined in Article 12, Items 1 and 2 of the Cabinet Order and listed securities investment trusts as defined in Article 9-4-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), unit type investment trusts during the closed period and other investment trusts specified in the By-laws (hereinafter referred to as “Voluntary Disclosure Investment Trusts”), disclosure shall be made at the discretion of the Management Company.

\* Article 12 of the By-laws

Chapter 6: Items to Be Indicated in Investment Reports for Real Estate Investment Trusts

Article 21. Items to Be Indicated on the Cover Page

The cover page of investment reports for real estate investment trusts (hereinafter the “REIT”) shall indicate the following items.

- (1) The label “Investment Report”
- (2) The name of the REIT
- (3) Fiscal period and date of settlement (for REIT with accounting periods of less than six months, the respective accounting period and date of settlement)
- (4) Name and address of the Management Company

Article 22. Items to Be Indicated in the Main Text and Their Order

The main text of investment reports of REIT shall indicate the mechanism of the REIT in question (including the investment policy for the relevant investment trust property), as well as the following information as specified in the respective items below. In principle, the investment report shall indicate such information in the

following order.

- (1) Changes in the investment situation, etc. of the investment trust property: Operating revenue, ordinary income, net income for current period, net assets, total assets, base value (referring to net assets per unit (referring to one trading unit)), and equity ratio for each of at least five accounting periods prior to the current period shall be indicated.
- (2) Progress of asset management during the current period: The basic policy for the REIT, its results for the current period, and analysis thereof shall be indicated using the status of acquisition and sale of real estate, etc. and asset-backed securities, etc. during the current period (if the accounting period is less than six months, the period shall be the past six months from the last day of the relevant accounting period; the same shall apply hereinafter in this chapter), as well as changes in leasable area and occupancy rate, etc.

The relationship with the future investment policy indicated in the previous period's investment report shall also be indicated.

- (3) Status of trust principal, etc.: If there is an increase in the trust principal in the current period due to a public offering, etc., changes in the number of units of beneficial interests, etc. shall be indicated.
- (4) Record of dividends, etc.: Dividends, etc. for each accounting period for five or more periods prior to the current period (if the accounting period is less than six months, the dividends, etc. paid for each accounting period during the past six months from the end of the preparation period) shall be presented separately for dividends from earnings and cash payments for refunds of investment principal. It shall also indicate the basis for determining the amount of the dividend for the current period and the future investment policy for retained earnings.

In the event that the investment principal is refunded on an ongoing basis every period as stipulated in Article 28-2 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in Item 4 of the same article.

In addition, in the event of refunds of investment principal other than the ongoing refunds of investment principal every period as provided for in Article 28-3 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in the proviso to the same article.

- (5) Future investment policy: The investment policy for the next and subsequent periods shall be indicated in detail, including the relationship with the investment policy indicated in the Basic Terms and Conditions of the investment trust, using a summary of capital expenditures, etc. for which implementation has been approved. In this case, it shall be concisely described while using objective expressions.
- (6) Issues to be addressed: Any issues to be addressed concerning the REIT shall be indicated briefly. However, if the same information is presented in the future investment policy as stipulated in the previous item, such indication may be omitted.
- (7) Material facts that have arisen after the settlement of accounts: Facts concerning situations that have arisen in relation to the REIT after the settlement of accounts for the current period, and material facts concerning its operations, the status of its earnings and the rights of its beneficiaries, shall be indicated.
- (8) Investment trust property management summary: When the trust contract period has ended, the

investment trust property management summary prescribed in Article 58, Paragraph 1, Item 26 of the Ordinance on Investment Trust's Financial Statements shall be indicated.

- (9) Status of investment contributions: Total number of units of beneficial interests to be issued, total number of units of beneficial interests already issued, and number of beneficiaries shall be indicated.
- (10) Major beneficiaries: The names of the top 10 beneficiaries in order of the ratio of the number of units of beneficial interests held to the total number of units of beneficial interests as of the end of the fiscal period, and the number of units of beneficial interests that each holds. However, if an individual is included in the top 10 holders (companies) and the ratio of the number of beneficial interests held by that individual to the total number of beneficial interests is less than 10%, their name may be replaced with an indication that they are an individual.
- (11) Name of trustee bank as of the end of the current period
- (12) Composition of investment trust property: The ratio of the amount of each type of asset to the amount of total assets as of the end of the current period shall be indicated. In this case, the effective proportion of real estate incorporated for each asset and the main investment targets of the assets listed in Article 3, Paragraph 2, Items 5 to 8 of the Rules on REIT, etc. as of the end of the period shall be noted for each type of asset.
- (13) Major assets held: For assets held as of the end of the current period, the proportion to total leasable area and total rental revenue, etc. accounted for by each individual asset shall be indicated for at least the top 10 individual assets in terms of book value.
- (14) Details of incorporated assets: Details of assets incorporated in the REIT as of the end of the current period shall be indicated separately for each type of asset. However, in lieu of this indication, a detailed statement of securities (meaning a detailed statement of securities as prescribed in Article 57, Paragraph 1, Item 1 of the Ordinance on Investment Trust's Financial Statements) may be attached for securities, a detailed statement of real estate, etc. (meaning a details of real estate, etc. as prescribed in Article 57, Paragraph 1, Item 5 of the Ordinance on Investment Trust's Financial Statements) may be attached for real estate, etc., a detailed statement of renewable energy power generation facilities (meaning details of renewable energy power generation facilities, etc. as prescribed in Article 57, Paragraph 1, Item 8 of the Ordinance on Investment Trust's Financial Statements) may be attached for renewable energy power generation facilities, etc., and details of rights to operate public facilities, etc. (meaning a Details of Rights to Operate Public Facilities, etc., as prescribed in Article 57, Paragraph 1, Item 9 of the Ordinance on Investment Trust's Financial Statements) may be attached for Rights to Operate Public Facilities, etc.

When indicating renewable energy power generation facilities, in addition to the table set forth in the detailed statement of incorporated assets in Attached Table 6 (14) of the resolution of the committee on investment reports, etc. of infrastructure investment trusts, etc. (hereinafter referred to as the "Committee Resolution on Infrastructure Investment Trusts, etc."), matters concerning the approved business operator or supplier (nature of business, financial status, profit status, status of personnel engaged in operation of the renewable energy power generation facility, performance of operation of the renewable energy power generation facility and other important matters concerning the approved

business operator's or supplier's ability to perform its business) shall be indicated. If a lease contract with respect to the renewable energy power generation facility has been entered into with a counterparty, rental income during the accounting period of the investment trust property, expiration date of the contract, method of contract renewal, deposit and other matters to be specified with respect to the lease contract, price for each renewable energy power generation facility as of the end of the current period shall be indicated. If the renewable energy power generation facility falls under the category of certified power generation facility, matters concerning compliance with the standards set forth in each item of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources shall be indicated.

In addition, when indicating operating rights for public facilities, etc., the status of public facilities, etc. to which the said operating rights pertain (details of the service agreement for the operation of the public facilities etc. (counterparty to the agreement, term of the agreement, annual service fee and other matters to be specially noted regarding the said agreement), actual annual operating revenue, current status of the public facilities etc. and other matters that have a significant impact on the price of the operating rights for said public facilities, etc.), matters concerning the counterparty to the service agreement for the operation of public facilities, etc. (nature of its business, financial status, status of earnings, status of personnel engaged in the operation, etc. of the public facilities, etc., actual performance of the operation, etc. of the public facilities, etc., and other important matters concerning the ability of the counterparty to the agreement to execute the business), and the price for each operating right for public facilities, etc. as of the end of the period shall be indicated in addition to the table set forth in the details of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts.

- (15) Status of other assets: Assets other than real estate, etc., asset-backed securities, etc., and infrastructure assets, etc., as of the end of the current period shall be classified into the types of assets specified in the By-laws and indicated separately.

However, this may be omitted for assets for which special treatment related to hedge accounting is applied (i.e., those used as hedging instruments).

- (16) Held assets by country/region: In the case of investments in overseas real estate, etc. in multiple countries/regions, the held assets as of the end of the current period shall be indicated for each country/region.
- (17) Plans for capital expenditures: Implementation plans for capital expenditures that have been finalized prior to the date on which the investment report is actually produced (hereinafter referred to as the "Date of Production") shall be indicated for each such plan.
- (18) Capital expenditures during the period: If the implementation plans for capital expenditures have been completed by the end of the current period, each such plan shall be indicated. When capital expenditures are made due to natural disasters, etc., the relevant capital expenditures shall be indicated separately.
- (19) Money set aside for long-term repair plans: The amount set aside at the end of the period based on long-term repair plans shall be indicated as the balance of the reserve as of the end of the previous



period at the end of each period, the amount set aside and the amount reversed for each accounting period, and the amount carried forward to the next period at the end of each period, for five or more accounting periods prior to the current period (if the accounting period is less than six months, it shall be the accounting periods within the past five years or more from the end of the preparation period).

In the event that the investment principal is refunded on an ongoing basis every period as stipulated in Article 28-2 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in Item 5 of the same article.

- (20) Details of expenses related to management, etc.: The amount of total expenses and trust fees paid from investment trust property during the current period shall be indicated, broken down by Management Company, trustee bank, offering agent, and total amount, as well as the details of the services for which they are paid.
- (21) Status of borrowing: If there is a balance of funds borrowed during the current period, the lender, the date of borrowing, the balance at the end of the previous period, the balance at the end of the current period, the average interest rate, the repayment due date, the repayment method and the use purpose of the funds shall be indicated separately for each borrowing.
- (22) Status of trading of real estate, etc., asset-backed securities, infrastructure assets, etc., and infrastructure-related assets, etc.: The status of trading and profits/losses relating to real estate, etc., asset-backed securities, etc., infrastructure assets, etc., and infrastructure-related assets during the period shall be indicated separately for each asset.
- (23) Status of trading of other assets: The status of trading of other assets and profits/losses during the period shall be indicated separately for each asset.
- (24) Investigation of the price of specified assets, etc.: The matters stipulated in Article 58, Paragraph 1, Item 20 of the Ordinance on Investment Trust's Financial Statements shall be indicated.
- (25) Status of transactions with interested parties, etc. and major shareholders: The status of transactions with interested parties, etc. and major shareholders (meaning major shareholders as defined in Article 29-4, Paragraph 2 of the FIEA) during the current period and the total amount of commissions paid thereto shall be indicated.

In this case, interested parties, etc. shall be those to whom any of the following criteria (a) to (c) apply.

- (a) An interested party, etc. as defined in Article 17 of the Cabinet Order
  - (b) Corporations, associations, trusts and other similar entities (hereinafter referred to as "Corporations, etc." in this item and Article 26, Item 27) that have entered into a discretionary investment advisory contract for real estate, etc. (meaning a discretionary investment contract as defined in Article 2, Paragraph 5 of the Real Estate Investment Advisory Business Registration Regulations (Ministry of Construction Notification No. 1828 of 2000) or Article 2, Paragraph 8, Item 12 (b) of the FIEA; the same shall apply in Article 26, Item 27) with an interested party, etc. or major shareholder of the Management Company.
  - (c) Corporations, etc. in which interested parties, etc. and major shareholders of the Management Company hold a majority stake or constitute a majority of the officers, etc.
- (26) Status of transactions, etc., with the Management Company in relation to secondary businesses

operated by the Management Company: In cases where a Management Company is engaged in a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage (meaning a Real Estate Brokerage as defined in Article 2, Item 2 of the Real Estate Brokerage Act (Act No. 176 of 1952); the same applies hereinafter), Specified Joint Real Estate Venture (meaning a Specified Joint Real Estate Venture as defined in Article 2, Paragraph 4 of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994); the same applies hereinafter), or Business of Assuming Commodity Transaction Debts, the status of transactions with said Management Company, which is a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, Specified Joint Real Estate Venture, or Business of Assuming Commodity Transaction Debts involved in the secondary business in question, shall be indicated alongside the total amount of trading commissions paid to said Management Company or the total amount of commissions.

- (27) Status of assets, liabilities, principal, and profits and losses: The status of assets, liabilities, principal, and profits and losses as of the end of the current period (if the accounting period is less than six months, the end of each accounting period in the preparation period; the same shall apply hereinafter in this chapter) shall be indicated. Alternatively, a balance sheet, profit and loss statement, and statement of cash distribution may be attached instead.
- (28) Change in the method of calculating depreciation: When there is a change in the method of calculating the amount of depreciation of equipment, etc., during the current period, the date of the change in calculation method, the calculation method before the change, the amount calculated using the calculation method before the change, the calculation method after the change, the amount calculated using the calculation method after the change, and the reason for the change shall be indicated.
- (29) Change in valuation method of real estate, etc. and infrastructure assets, etc.: If the valuation method of real estate, leaseholds or superficies rights of real estate, or infrastructure assets, etc. is changed during the current period, the date of change of the valuation method, the valuation method before change, the appraised value appraised by the method before change, the valuation method after change, the appraised value appraised by the method after change and the reason for change shall be indicated.
- (30) Disclosures related to beneficiary certificates of investment trusts, etc. created by the company: In the case of acquisitions, etc. listed in Article 6-3 of the Rules for Full Members' Business Operations, etc. as stipulated in Article 6-5 of the same Rules, the matters to be stated in the investment report, etc. shall be as follows.
  - (a) Possession of beneficiary certificates for investment trusts, etc. created by the company as of the end of the current period.
  - (b) History of acquisitions and dispositions for each of the past five accounting periods, including the end of the current period
  - (c) Number of units held, total amount, and ratio to total number of units issued at the end of each accounting period for the past five years, including the end of the current period.
  - (d) Other matters necessary from the viewpoint of protection of investors, etc. (limited to cases where acquisition or disposal has been made in the past five years, including the end of the current period.)
- (31) Announcements: In the event that changes are made to the Basic Terms and Conditions of an

investment trust, changes are made to the management system, etc., or events occur that the Management Company deems appropriate to make known to beneficiaries during the current period, the details of such events, etc. shall be indicated. However, this does not apply if the details of the relevant event, etc. are indicated in other items, etc.

\* Article 13 of the By-laws

#### Article 23. Disclosure Relating to Mother Funds

The provisions of Article 4 shall apply mutatis mutandis to cases where beneficiary certificates of a mother fund are incorporated in investment trust property.

#### Article 24. Form and Presentation Guidelines

The items to be indicated as prescribed in Article 22 (excluding items 2, 5 through 11, 14 (ii) and (iii), 24 and 31) pertaining to the investment reports of real estate investment trusts may be indicated in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Committee Resolution on Real Estate Investment Trusts, etc. 1

#### Article 24-2. Production and Delivery of Documents Prescribed in Article 14, Paragraph 4 of the Investment Trust Act

In accordance with the provisions of Article 14, Paragraph 4 of the Investment Trust Act, the Management Company must prepare a document stating the matters to be stated in the investment report in Paragraph 1 of the same Article which are specified by Cabinet Office Ordinance as important matters and deliver it to known beneficiaries each time it is produced.

In this case, the said document shall be prepared and delivered in accordance with the provisions of Article 58-2 of the Ordinance on Investment Trust's Financial Statements, with reference to Chapter 3's provisions regarding Investment Reports (Delivery Version).

### Chapter 7: Items to Be Indicated in Asset Management Reports for Real Estate Investment Corporations

#### Article 25. Items to Be Indicated on the Cover Page

The cover page of asset management reports for real estate investment corporations shall indicate the following items.

- (1) The label "Asset Management Report"
- (2) The name of the real estate investment corporation
- (3) Fiscal period and date of settlement
- (4) Location of the head office of the real estate investment corporation

#### Article 26. Items to Be Indicated in the Main Text and Their Order

1. The main text of an asset management report for a real estate investment corporation shall indicate the

information as specified in the respective items below. In principle, the asset management report shall indicate such information in the following order.

- (1) Changes in the investment situation, etc. of the investment corporation: Operating revenue, ordinary income, net income for current period, net assets, total assets, base value (referring to net assets per unit (referring to one trading unit)), and equity ratio for each of at least five business periods prior to the current period shall be indicated.
- (2) Progress of asset management during the current period: The Basic Management Policy of the real estate investment corporation, its results for the current period, and analysis thereof shall be indicated using the status of acquisition and sale of real estate, etc. and asset-backed securities, etc. during the current period, as well as changes in leasable area and occupancy rate, etc. The relationship with the future asset investment policy indicated in the previous period's investment report shall also be indicated.
- (3) Increases in capital, etc.: If there is an increase in capital investment as a result of a public offering, etc. during the current period, the change in investment units, etc. shall be indicated.
- (4) Record of dividends, etc.: Dividends, etc. for each business period for five or more periods prior to the current fiscal period shall be presented separately for dividends from earnings and cash payments for refunds of investment contributions (dividends shall be classified into those from the allowance for temporary difference adjustments and those with decrease of investment capital, etc. under the Tax Act). It shall also indicate the basis for determining the amount of the dividend for the current period and the future investment policy for retained earnings.

In the event of an ongoing refund of investment categorized as a capital distribution with decrease of investment capital, etc. under the Tax Act every fiscal period as stipulated in Article 43-4 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in Item 4 of the same article.

In addition, in the event of a refund of investment categorized as a capital distribution with decrease of investment capital, etc. under the Tax Act other than an ongoing refund of investment categorized as a capital distribution with decrease of investment capital, etc. under the Tax Act every fiscal period as stipulated in Article 43-5 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in the proviso to the same article.

- (5) Future investment policy: The investment policy for the next and subsequent periods shall be indicated in detail, including the relationship with the investment policy indicated in the investment corporation's Certificate of Incorporation, using a summary of capital expenditures, etc. for which implementation has been approved. In this case, it shall be concisely described using objective expressions.
- (6) Issues to be addressed: Any issues to be addressed by the real estate investment corporation shall be indicated briefly. However, if the same information is presented in the future investment policy as stipulated in the previous item, such indication may be omitted.
- (7) Material facts that have arisen after the settlement of accounts: Facts that have arisen in relation to the real estate investment corporation after the settlement of accounts for the current period, and material facts concerning its operations, the status of its earnings and the rights of its investors, shall be

indicated.

- (8) Status of investment contributions: The total number of investment units that can be issued, the total number of investment units already issued, and the number of investors shall be indicated.
- (9) Matters regarding investment units: The names of the top 10 investors in descending order of the proportion of investment units each holds out of the total number of investment units issued (excluding own investment units) as of the end of the current period, the number of investment units held by the said investors, and relevant proportion held by each.
- (10) Matters regarding officers, etc.: The names, positions and responsibilities, status of concurrently held positions, and other important matters of officers, etc. (including those who were in their position during the relevant business period and retired by the end of the relevant business period) shall be indicated.
- (11) Asset management companies, asset custodian companies and general administration companies: The names of the asset management companies (meaning the asset management company as defined in Article 2, Paragraph 21 of the Investment Trust Act; the same shall apply hereinafter ), asset custodian companies and general administration companies as of the end of the current period shall be indicated.
- (12) Composition of real estate investment corporation assets: The ratio of the amount of each type of asset to the total assets as of the end of the current period shall be indicated. In this case, the effective proportion of real estate incorporated for each asset and the main investment targets of the assets listed in Article 3, Paragraph 2, Items 5 to 8 of the Rules on REIT, etc. as of the end of the period shall be noted for each type of asset.
- (13) Major assets held: For assets held as of the end of the current period, the proportion of total leasable area and total rental revenue, etc. accounted for by each individual asset shall be indicated for at least the top 10 individual assets in terms of book value as of the end of the current period.
- (14) Details of incorporated assets: Details of assets incorporated in the REIT as of the end of the current period shall be indicated separately for each type of asset. However, in lieu of this indication, a detailed statement of securities (meaning a detailed statement of securities as prescribed in Article 80, Paragraph 1, Item 1 of the Ordinance on Accounting of Investment Corporations (Ordinance No. 47 of 2006, hereinafter referred to as the “Ordinance on Investment Corporation’s Financial Statements”) may be attached for securities, a detailed statement of real estate, etc. (meaning a details of real estate, etc. as prescribed in Article 80, Paragraph 1, Item 5 of the Ordinance on Investment Corporation’s Financial Statements) may be attached for real estate, etc., a detailed statement of renewable energy power generation facilities (meaning a details of renewable energy power generation facilities, etc. as prescribed in Article 80, Paragraph 1, Item 8 of the Ordinance on Investment Corporation’s Financial Statements) may be attached for renewable energy power generation facilities, etc., and details of rights to operate public facilities, etc. (meaning Details of Rights to Operate Public Facilities, etc. as prescribed in Article 80, Paragraph 1, Item 9 of the Ordinance on Investment Corporation’s Financial Statements may be attached for Rights to Operate Public Facilities, etc.

When indicating renewable energy power generation facilities, in addition to the table set forth in the detailed statement of incorporated assets in Attached Table 6 (14) of the Committee Resolution on

Infrastructure Investment Trusts, etc., matters concerning the approved business operator or supplier (nature of business, financial status, profit status, status of personnel engaged in operation of the renewable energy power generation facility, performance of operation of the renewable energy power generation facility and other important matters concerning the approved business operator's or supplier's ability to perform its business) shall be indicated. If a lease contract with respect to the renewable energy power generation facility has been entered into with a counterparty, rental income during the business period of the investment corporation assets, expiration date of the contract, method of contract renewal, deposit and other matters to be specified with respect to the lease contract, price for each renewable energy power generation facility as of the end of the current period shall be indicated. If the renewable energy power generation facility falls under the category of certified power generation facility, matters concerning compliance with the standards set forth in each item of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources shall be indicated.

In addition, when indicating operating rights for public facilities, etc., the status of public facilities, etc. to which the said operating rights pertain (details of the service agreement for the operation of the public facilities etc. (counterparty to the agreement, term of the agreement, annual service fee and other matters to be specially noted regarding the said agreement), actual annual operating revenue, current status of the public facilities etc. and other matters that have a significant impact on the price of the operating rights for said public facilities, etc.), matters concerning the counterparty to the service agreement for the operation of public facilities, etc. (nature of its business, financial status, status of earnings, status of personnel engaged in the operation, etc. of the public facilities, etc., actual performance of the operation, etc. of the public facilities, etc., and other important matters concerning the ability of the counterparty to the agreement to execute the business), and the price for each operating right for public facilities, etc. as of the end of the period shall be indicated in addition to the table set forth in the details of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts.

- (15) Status of other assets: Assets other than real estate, etc., asset-backed securities, etc., and infrastructure assets, etc., as of the end of the current period shall be classified into the types of assets specified in the By-laws and indicated separately.

However, this may be omitted for assets for which special treatment related to hedge accounting is applied (i.e., those used as hedging instruments).

- (16) Held assets by country/region: In the case of investments in overseas real estate, etc. in multiple countries/regions, the held assets as of the end of the current period shall be indicated for each country/region.
- (17) Scheduled capital expenditures: Implementation plans for capital expenditures that have been finalized prior to the Date of Production of the relevant asset management report shall be indicated for each such plan.
- (18) Capital expenditures during the period: If the implementation plans for capital expenditures have been completed by the end of the current period, each such plan shall be indicated. When capital

expenditures are made due to natural disasters, etc., the relevant capital expenditures shall be indicated separately.

- (19) Money set aside for long-term repair plans: The amount set aside at the end of the period based on long-term repair plans shall be indicated as the balance of the reserve for the start of the current period at the end of each period, the amount set aside and the amount reversed for each business period, and the amount carried forward to the next period at the end of each period, for five or more business periods prior to the current period (if the business period is less than six months, it shall be the business periods within the past five years from the end of the preparation period).

In the event of a refund of investment categorized as an ongoing capital distribution with decrease of investment capital, etc. under the Tax Act every fiscal period as stipulated in Article 43-4 of the Rules on REIT, etc., notes or similar information shall be provided on the matters stipulated in Item 5 of the same article.

- (20) Details of expenses related to management, etc.: The total amount of expenses paid by the real estate investment corporation during the current period and expenses paid to outside contractors, etc. that have concluded agreements with the said real estate investment corporation shall be indicated separately by party to which payment is made.
- (21) Status of Borrowing If there is a balance of funds borrowed during the current period, the lender, the date of borrowing, the balance at the beginning of the current period, the balance at the end of the current period, the average interest rate, the repayment date, the repayment method, the use purpose of the funds, whether or not collateral is provided, collateral properties, and other special provisions shall be indicated separately for each borrowing.
- (22) Investment corporation bonds: If there are investment corporation bonds outstanding at the end of the current period, the name of the issue, date of issue, balance at the beginning of the current period, balance at the end of the current period, interest rate, redemption period, redemption method and purpose of use, etc. shall be indicated separately for each issue.
- (23) Short-term investment corporation bonds: If there are any short-term investment corporation bonds outstanding at the end of the fiscal period, the issue name, issue date, balance at the end of the fiscal period, issue value, redemption value, etc. shall be indicated separately for each issue.
- (23-2) Investment equity subscription rights: If there are investment equity subscription rights that have not been exercised as of the end of the current period, the name of the issue, the date of issue, the number of investment equity subscription rights unexercised as of the end of the current period, the number of investment units for which the investment equity subscription rights are intended or the method of calculating the number of units, the amount to be paid in upon exercise of the investment equity subscription rights or the method of calculating the amount of money to be paid in upon exercise of the new investment equity subscription rights, and the exercise period shall be indicated separately for each issue.
- (24) Status of trading of real estate, etc., asset-backed securities, infrastructure assets, etc., and infrastructure-related assets, etc.: The status of trading and profits/losses relating to real estate, etc., asset-backed securities, etc., infrastructure assets, etc., and infrastructure-related assets during the

current period shall be indicated separately for each asset.

- (25) Status of trading of other assets: The status of trading of other assets and profits/losses during the current period shall be indicated separately for each asset.
- (26) Investigation of the price of specified assets, etc.: The matters stipulated in Article 73, Paragraph 1, Item 19 of the Ordinance on Investment Corporation's Financial Statements shall be indicated.
- (27) Status of transactions with interested parties, etc.: The status of transactions with interested parties, etc. during the current period and the total amount of commissions paid thereto shall be indicated. In this case, interested parties, etc. shall be those to whom any of the following criteria (a) to (c) apply.
- (a) An interested party, etc. as defined in Article 123 of the Cabinet Order
  - (b) A Corporation, etc. that has entered into a discretionary investment advisory contract for real estate, etc. with an interested party, etc. of the asset management company
  - (c) A Corporation, etc. in which interested parties, etc. of the asset management company hold a majority stake or constitute a majority of the officers, etc.
- (28) Status of transactions, etc., with asset management companies in relation to secondary businesses operated by the asset management companies in question: In cases where an asset management company is engaged in a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, or Specified Joint Real Estate Venture, the status of transactions during the current period with said asset management company, which is a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, or Specified Joint Real Estate Venture involved in the secondary business in question, shall be indicated alongside the total amount of trading commissions paid to said asset management company or the total amount of commissions.
- (29) Status of assets, liabilities, principal, and profits and losses: The status of assets, liabilities, principal, and profits and losses as of the end of the current period shall be indicated. Alternatively, a balance sheet, profit and loss statement, statement of changes in investors' equity, notes, and statement of cash distribution may be attached instead.
- (30) Change in the method of calculating depreciation: When there is a change in the method of calculating the amount of depreciation of equipment, etc., at the end of or during the current period, the date of the change in calculation method, the calculation method before the change, the amount calculated using the calculation method before the change, the calculation method after the change, the amount calculated using the calculation method after the change, and the reason for the change shall be indicated.
- (31) Change in valuation method of real estate, etc. and infrastructure assets, etc.: If the valuation method of real estate, leaseholds or superficies rights of real estate, or infrastructure assets, etc. is changed at the end of or during the current period, the date of change of the valuation method, the valuation method before change, the appraised value appraised by the method before change, the valuation method after change, the appraised value appraised by the method after change, the reason for change, and any other special provisions shall be indicated.
- (32) Disclosures related to beneficiary certificates of investment trusts, etc. created by the company: In the case of acquisitions, etc. listed in Article 6-3 of the Rules for Full Members' Business Operations, etc.



as stipulated in Article 6-5 of the same Rules, the matters to be stated in the investment report, etc. shall be as follows.

- (a) Possession of beneficiary certificates for investment trusts, etc. created by the company as of the end of the current period.
  - (b) History of acquisitions and dispositions for each of the past five accounting periods, including the end of the current period
  - (c) Number of units held, total amount, and ratio to total number of units issued at the end of each accounting period for the past five years, including the end of the current period.
  - (d) Other matters necessary from the viewpoint of protection of investors, etc. (limited to cases where acquisition or disposal has been made in the past five years, including the end of the current period.)
- (33) Announcements: If any matter stipulated in Article 109, Paragraph 2, Items 2, 3, 5, 6 and 8 of the Investment Trust Act is approved by the Board of Directors of the relevant real estate investment corporation or if any other information is found to be important during the current period, the details of such information shall be indicated. However, this shall not apply if the details of the relevant information is indicated in other items, etc.
- (34) Disclosure regarding overseas real estate holding corporations: In the event that the number of shares or capital contributions held in an overseas real estate holding corporation (meaning an overseas real estate holding corporation as defined in Article 105, Item 1 (f) of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) exceeds the number or amount obtained by multiplying the total number or total amount of issued shares or capital contributions (excluding shares or capital contributions of the said overseas real estate holding corporation held by itself) of the said overseas real estate holding corporation by the rate prescribed in Article 221 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations, the following matters shall be indicated for each of the overseas real estate holding corporations in question.
- (a) Amount of investment in the overseas real estate holding corporation
  - (b) Organizational structure, purpose, business activities and profit distribution policy of the said overseas real estate holding corporation
  - (c) Ratio of the number or amount of shares or capital contributions of the overseas real estate holding corporation that belong to the assets of the investment corporation to the total number or total amount of issued shares or capital contributions of the overseas real estate holding corporation
  - (d) Details of the regulations pertaining to dividends in the country where the overseas real estate holding corporation is located
- (35) Disclosures regarding real estate held by overseas real estate holding corporations: In the case specified in the preceding item, the following matters regarding real estate held by overseas real estate holding corporations shall be indicated.
- (a) Location, lot number and other matters necessary to identify the said real estate
  - (b) For each property, the value as of the end of the current period (appraised value, listed price, roadside price, published sales price, or any other price that is deemed to be fair in accordance with the above)

(c) If there is a party with which the investment corporation has concluded a lease agreement for the property (hereinafter referred to as a “Tenant” in (c)), the occupancy rate and the total number of Tenants as of the end of the current period for each property, and the investment corporation’s total rental revenues during the business period (if such total rental revenues cannot be indicated due to unavoidable circumstances, a statement to that effect)

(d) Total amount of trading transactions during the investment corporation’s business period

\* Article 14 of the By-laws

2. Items indicated in the notes may be omitted from the asset management report.

#### Article 27. Form and Presentation Guidelines

The items to be indicated as prescribed in the preceding article (excluding Items 2, 5 through 8, 11, 14 (ii) and (iii), 26 and 33) pertaining to the asset management reports of real estate investment corporations may be indicated in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Committee Resolution on Real Estate Investment Trusts, etc. 2

#### Chapter 8: Items to Be Indicated in Investment Reports for Infrastructure Investment Trusts

##### Article 28. Items to Be Indicated on the Cover Page

The cover page of investment reports for infrastructure investment trusts (hereinafter “infrastructure investment trusts”) shall indicate the following items.

- (1) The label “Investment Report”
- (2) Name of the infrastructure investment trust
- (3) Fiscal period and date of settlement (for infrastructure investment trusts with accounting periods of less than six months, the respective accounting period and date of settlement)
- (4) Name and address of the Management Company

##### Article 29. Items to Be Indicated in the Main Text and Their Order

The main text of an infrastructure investment trust’s investment reports shall indicate the mechanism of the infrastructure investment trust in question (including the investment policy for the relevant investment trust property), as well as the following information as specified in the respective items below. In principle, the investment report shall indicate such information in the following order.

- (1) Changes in the investment situation of the investment trust property: Operating revenue, ordinary income, net income for current period, net assets, total assets, base value (referring to net assets per unit (referring to one trading unit)), and equity ratio for each of at least five accounting periods prior to the current period shall be indicated.
- (2) Progress of asset management during the current period: The basic policy of the infrastructure investment trust, its results for the current period, and analysis thereof shall be indicated using the status of acquisition and sale of infrastructure assets, etc., infrastructure-related assets, and real estate, etc.

during the current period (if the accounting period is less than six months, the period shall be the past six months from the last day of the relevant accounting period; the same shall apply hereinafter in this chapter), as well as changes in leasable area and occupancy rate, etc. The relationship with the future investment policy indicated in the previous period's investment report shall also be indicated.

- (3) Status of trust principal, etc.: If there is an increase in the trust principal in the current period due to a public offering, etc., changes in the number of units of beneficial interests, etc. shall be indicated.
- (4) Record of dividends, etc.: Dividends, etc. for each calculation period for five or more periods prior to the current period (if the accounting period is less than six months, the dividends, etc. paid for each accounting period during the past six months from the end of the preparation period) shall be presented separately for dividends from earnings and cash payments for refunds of investment principal. It shall also indicate the basis for determining the amount of the dividend for the current period and the future investment policy for retained earnings.

In the event that the investment principal is refunded on an ongoing basis every period as stipulated in Article 28-2 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in Item 4 of the same article.

In addition, in the event of refunds of investment principal other than the ongoing refunds of investment principal every period as provided for in Article 28-3 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in the proviso to the same article.

- (5) Future investment policy: The investment policy for the next and subsequent periods shall be indicated in detail, including the relationship with the investment policy indicated in the Basic Terms and Conditions, using a summary of capital expenditures, etc. for which implementation has been approved. In this case, it shall be concisely described while using objective expressions.
- (6) Issues to be addressed: Any issues to be addressed by the infrastructure investment trust shall be indicated briefly.

However, if the same information is presented in the future investment policy as stipulated in the previous item, such indication may be omitted.

- (7) Material facts that have arisen after the settlement of accounts: Facts concerning situations that have arisen in relation to the infrastructure investment trust after the settlement of accounts for the current period, and material facts concerning its operations, the status of its earnings and the rights of its beneficiaries, shall be indicated.
- (8) Investment trust property management summary: When the trust contract period has ended, the investment trust property management summary prescribed in Article 58, Paragraph 1, Item 26 of the Ordinance on Investment Trust's Financial Statements shall be indicated.
- (9) Status of investment contributions: Total number of units of beneficial interests to be issued, total number of units of beneficial interests already issued, and number of beneficiaries shall be indicated.
- (10) Major beneficiaries: The names of the top 10 beneficiaries in order of the ratio of the number of units of beneficial interests held to the total number of units of beneficial interests as of the end of the fiscal period, and the number of units of beneficial interests that each holds. However, if an individual is included in the top 10 holders (companies) and the ratio of the number of beneficial interests held by

that individual to the total number of beneficial interests is less than 10%, their name may be replaced with an indication that they are an individual.

- (11) Name of trustee bank as of the end of the current period
- (12) Composition of investment trust property: The ratio of the amount of each type of asset to the amount of total assets as of the end of the current period shall be indicated. In this case, the effective proportion of infrastructure assets incorporated for each asset and the main investment targets of the assets listed in Article 3, Paragraph 5, Item 3 and Article 3, Paragraph 6, Item 2 of the Rules on IIT, etc. as of the end of the period shall be noted for each type of asset.
- (13) Major assets held: For assets held as of the end of the current period, the proportion to total leasable area and total rental revenue, etc. accounted for by each individual asset shall be indicated for at least the top 10 individual assets in terms of book value.
- (14) Details of incorporated assets: Details of assets incorporated in the REIT as of the end of the current period shall be indicated separately for each type of asset.

However, in lieu of this indication, a detailed statement of securities (meaning a detailed statement of securities as prescribed in Article 57, Paragraph 1, Item 1 of the Ordinance on Investment Trust's Financial Statements) may be attached for securities, a detailed statement of real estate, etc. (meaning a details of real estate, etc. as prescribed in Article 57, Paragraph 1, Item 5 of the Ordinance on Investment Trust's Financial Statements) may be attached for real estate, etc., a detailed statement of renewable energy power generation facilities (meaning details of renewable energy power generation facilities, etc. as prescribed in Article 57, Paragraph 1, Item 8 of the Ordinance on Investment Trust's Financial Statements) may be attached for renewable energy power generation facilities, etc., and details of rights to operate public facilities, etc. (meaning Details of Rights to Operate Public Facilities, etc., as prescribed in Article 57, Paragraph 1, Item 9 of the Ordinance on Investment Trust's Financial Statements) may be attached for Rights to Operate Public Facilities, etc.

When indicating renewable energy power generation facilities, in addition to the table set forth in the detailed statement of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts, etc., matters concerning the approved business operator or supplier (nature of business, financial status, profit status, status of personnel engaged in operation of the renewable energy power generation facility, performance of operation of the renewable energy power generation facility and other important matters concerning the approved business operator's or supplier's ability to perform its business) shall be indicated. If a lease contract with respect to the renewable energy power generation facility has been entered into with a counterparty, rental income during the accounting period of the investment trust property, expiration date of the contract, method of contract renewal, deposit and other matters to be specified with respect to the lease contract, price for each renewable energy power generation facility as of the end of the current period shall be indicated. If the renewable energy power generation facility falls under the category of certified power generation facility, matters concerning compliance with the standards set forth in each item of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources shall be indicated.

In addition, when indicating operating rights for public facilities, etc., the status of public facilities, etc. to which the said operating rights pertain (details of the service agreement for the operation of the public facilities etc. (counterparty to the agreement, term of the agreement, annual service fee and other matters to be specially noted regarding the said agreement), actual annual operating revenue, current status of the public facilities etc. and other matters that have a significant impact on the price of the operating rights for said public facilities, etc.), matters concerning the counterparty to the service agreement for the operation of public facilities, etc. (nature of its business, financial status, status of earnings, status of personnel engaged in the operation, etc. of the public facilities, etc., actual performance of the operation, etc. of the public facilities, etc., and other important matters concerning the ability of the counterparty to the agreement to execute the business), and the price for each operating right for public facilities, etc. as of the end of the period shall be indicated in addition to the table set forth in the details of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts.

- (15) Status of other assets: Assets other than infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc. as of the end of the current period shall be classified into the types of assets specified in the By-laws and indicated separately.

However, this may be omitted for assets for which special treatment related to hedge accounting is applied (i.e., those used as hedging instruments).

- (16) Held assets by country/region: In the case of investments in overseas infrastructure assets, etc. in multiple countries/regions, the held assets as of the end of the current period shall be indicated for each country/region.
- (17) Scheduled capital expenditures: Implementation plans for capital expenditures that have been finalized prior to the Date of Production shall be indicated for each such plan.
- (18) Capital expenditures during the period: If the implementation plans for capital expenditures have been completed by the end of the current period, each such plan shall be indicated. When capital expenditures are made due to natural disasters, etc., the relevant capital expenditures shall be indicated separately.
- (19) Money set aside for long-term repair plans: The amount set aside at the end of the period based on long-term repair plans shall be indicated as the balance of the reserve from the end of the previous period at the end of each period, the amount set aside and the amount reversed for each accounting period, and the amount carried forward to the next period at the end of each period, for five or more accounting periods prior to the current period (if the accounting period is less than six months, it shall be the accounting periods within the past five years or more from the end of the preparation period).

In the event that the investment principal is refunded on an ongoing basis every period as stipulated in Article 28-2 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in Item 5 of the same article.

- (20) Details of expenses related to management, etc.: The amount of total expenses and trust fees paid from investment trust property during the current period shall be indicated, broken down by Management Company, trustee bank, offering agent, and total amount, as well as the details of the services for which

they are paid.

- (21) Status of borrowing: If there is a balance of funds borrowed during the current period, the lender, the date of borrowing, the balance at the end of the previous period, the balance at the end of the current period, the average interest rate, the repayment due date, the repayment method and the use of funds shall be indicated separately for each borrowing.
- (22) Status of trading of infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc.: The status of trading and profits/losses relating to infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc. during the period shall be indicated separately for each asset.
- (23) Status of trading of other assets: The status of trading of other assets and profits/losses during the period shall be indicated separately for each asset.
- (24) Investigation of the price of specified assets, etc.: The matters stipulated in Article 58, Paragraph 1, Item 20 of the Ordinance on Investment Trust's Financial Statements shall be indicated.
- (25) Status of transactions with interested parties, etc. and major shareholders: The status of transactions with interested parties, etc. and major shareholders (meaning major shareholders as defined in Article 29-4, Paragraph 2 of the FIEA) during the current period and the total amount of commissions paid thereto shall be indicated.

In this case, interested parties, etc. shall be those to whom any of the following criteria (a) to (c) apply.

- (a) An interested party, etc. as defined in Article 17 of the Cabinet Order
  - (b) Corporations, associations, trusts and other similar entities (hereinafter referred to as "Corporations, etc." in this item and Article 34, Item 27) that have entered into a discretionary investment advisory contract for infrastructure assets, etc. (meaning a discretionary investment contract as defined in Article 2, Paragraph 5 of the Real Estate Investment Advisory Business Registration Regulations (Ministry of Construction Notification No. 1828 of 2000) or Article 2, Paragraph 8, Item 12 (b) of the FIEA; the same shall apply in this item and Article 34, Item 27) with an interested party, etc. or major shareholder of the Management Company.
  - (c) Corporations, etc. in which interested parties, etc. and major shareholders of the Management Company hold a majority stake or constitute a majority of the officers, etc.
- (26) Status of transactions, etc., with the Management Company in relation to secondary businesses operated by the Management Company: In cases where a Management Company is engaged in a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage (meaning a Real Estate Brokerage as defined in Article 2, Item 2 of the Real Estate Brokerage Act (Act No. 176 of 1952); the same applies hereinafter), Specified Joint Real Estate Venture (meaning a Specified Joint Real Estate Venture as defined in Article 2, Paragraph 4 of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994); the same applies hereinafter), or Commodity Transactions Brokerage Business, the status of transactions with said Management Company, which is a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, Specified Joint Real Estate Venture, or Commodity Transactions Brokerage Business involved in the secondary business in question, shall be indicated alongside the total amount of trading commissions paid to said Management Company or the total amount of commissions.

- (27) Status of assets, liabilities, principal, and profits and losses: The status of assets, liabilities, principal, and profits and losses as of the end of the current period (if the accounting period is less than six months, the end of each accounting period in the preparation period; the same shall apply hereinafter in this chapter) shall be indicated. Alternatively, a balance sheet, profit and loss statement, and statement of cash distribution may be attached instead.
- (28) Change in the method of calculating depreciation: When there is a change in the method of calculating the amount of depreciation of equipment, etc., during the current period, the date of the change in calculation method, the calculation method before the change, the amount calculated using the calculation method before the change, the calculation method after the change, the amount calculated using the calculation method after the change, and the reason for the change shall be indicated.
- (29) Change in valuation method of infrastructure assets, etc. and real estate, etc.: If the valuation method of infrastructure assets, assets specified in Article 3, Paragraph 5, Item 2 of the Rules on IIT, etc. (hereinafter referred to as “Land and Buildings, etc. associated with Infrastructure Assets”), real estate, or leaseholds or superficies rights of real estate is changed during the current period, the date of change of the valuation method, the valuation method before change, the appraised value appraised by the method before change, the valuation method after change, the appraised value appraised by the method after change and the reason for change shall be indicated.
- (30) Disclosures related to beneficiary certificates of investment trusts, etc. created by the company: In the case of acquisitions, etc. listed in Article 6-3 of the Rules for Full Members’ Business Operations, etc. as stipulated in Article 6-5 of the same Rules, the matters to be stated in the investment report, etc. shall be as follows.
- (a) Possession of beneficiary certificates for investment trusts, etc. created by the company as of the end of the current period.
  - (b) History of acquisitions and dispositions for each of the past five accounting periods, including the end of the current period
  - (c) Number of units held, total amount, and ratio to total number of units issued at the end of each accounting period for the past five years, including the end of the current period.
  - (d) Other matters necessary from the viewpoint of protection of investors, etc. (limited to cases where acquisition or disposal has been made in the past five years, including the end of the current period)
- (31) Announcements: In the event that changes are made to the Basic Terms and Conditions, changes are made to the management system, etc., or events occur that the Management Company deems appropriate to make known to beneficiaries during the current period, the details of such events, etc. shall be indicated. However, this does not apply if the details of the relevant event, etc. are indicated in other items, etc.

\* Article 15 of the By-laws

#### Article 30. Disclosure Relating to Mother Funds

The provisions of Article 4 shall apply mutatis mutandis to cases where beneficiary certificates of a mother fund are incorporated in investment trust property.

Article 31. Form and Presentation Guidelines

The items to be indicated as prescribed in Article 29 (excluding Items 2, 5 through 11, 14 (i) and (ii), 24 and 31) pertaining to the investment reports of infrastructure investment trusts may be indicated in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Committee Resolution on Infrastructure Investment Trusts, etc. 1

Article 32. Production and Delivery of Documents Prescribed in Article 14, Paragraph 4 of the Investment Trust Act

In accordance with the provisions of Article 14, Paragraph 4 of the Investment Trust Act, the Management Company must prepare a document stating the matters to be stated in the investment report in Paragraph 1 of the same Article which are specified by Cabinet Office Ordinance as important matters and deliver it to known beneficiaries each time it is produced.

In this case, the said document shall be prepared and delivered in accordance with the provisions of Article 58-2 of the Rules for Investment Trust Property Financial Statements, with reference to Chapter 3's provisions regarding Investment Reports (Delivery Version).

Chapter 9: Items to Be Indicated in Asset Management Reports for Infrastructure Investment Corporations

Article 33. Items to Be Indicated on the Cover Page

The cover page of asset management reports for infrastructure investment corporations shall indicate the following items.

- (1) The label "Asset Management Report"
- (2) Name of the infrastructure investment corporation
- (3) Fiscal period and date of settlement
- (4) Location of the head office of the infrastructure investment corporation

Article 34. Items to Be Indicated in the Main Text and Their Order

1. The main text of an asset management report for an infrastructure investment corporation shall indicate the information as specified in the respective items below. In principle, the asset management report shall indicate such information in the following order.

- (1) Changes in the investment situation, etc. of the investment corporation: Operating revenue, ordinary income, net income for current period, net assets, total assets, base value (referring to net assets per unit (referring to one trading unit)), and equity ratio for each of at least five business periods prior to the current period shall be indicated.
- (2) Progress of asset management during the current period: The Basic Management Policy of the infrastructure investment corporation, its results for the current period, and analysis thereof shall be indicated using the status of acquisition and sale of infrastructure assets, etc., infrastructure-related



assets, and real estate, etc. during the current period, as well as changes in leasable area and occupancy rate, etc. The relationship with the future asset investment policy indicated in the previous period's investment report shall also be indicated.

- (3) Increases in capital, etc.: If there is an increase in capital investment as a result of a public offering, etc. during the current period, the change in investment units, etc. shall be indicated.
- (4) Record of dividends, etc.: Dividends, etc. for each business period for five or more periods prior to the current fiscal period shall be presented separately for dividends from earnings and cash payments for refunds of investment contributions. It shall also indicate the basis for determining the amount of the dividend for the current period and the future investment policy for retained earnings.

In the event that investment contributions are refunded on an ongoing basis every period as stipulated in Article 43-2 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in Item 4 of the same article.

In addition, in the event of refunds of investment contributions other than the ongoing refunds of investment contributions every period as provided for in Article 43-3 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in the proviso to the same article.

- (5) Future investment policy: The investment policy for the next and subsequent periods shall be indicated in detail, including the relationship with the investment policy indicated in the investment corporation's Certificate of Incorporation, using a summary of capital expenditures, etc. for which implementation has been approved. In this case, it shall be concisely described using objective expressions.
- (6) Issues to be addressed: Any issues to be addressed by the infrastructure investment corporation shall be indicated briefly. However, if the same information is presented in the future investment policy as stipulated in the previous item, such indication may be omitted.
- (7) Material facts that have arisen after the settlement of accounts: Facts that have arisen in relation to the infrastructure investment corporation after the settlement of accounts for the current period, and material facts concerning its operations, the status of its earnings and the rights of its investors, shall be indicated.
- (8) Status of investment contributions: The total number of investment units that can be issued, the total number of investment units already issued, and the number of investors shall be indicated.
- (9) Matters regarding investment units: The names of the top 10 investors in descending order of the proportion of investment units each holds out of the total number of investment units issued (excluding own investment units) as of the end of the current period, the number of investment units held by the said investors, and relevant proportion held by each.
- (10) Matters regarding officers, etc.: The names, positions and responsibilities, status of concurrently held positions, and other important matters of officers, etc. (including those who were in their position during the relevant business period and retired by the end of the relevant business period) shall be indicated.
- (11) Asset management companies, asset custodian companies and general administration companies: The names of the asset management companies (meaning the asset management company as defined in Article 2, Paragraph 19 of the Investment Trust Act; the same shall apply hereinafter), asset custodian

- companies and general administration companies as of the end of the current period shall be indicated.
- (12) Composition of infrastructure investment corporation assets: The ratio of the amount of each type of asset to the total assets as of the end of the current period shall be indicated. In this case, the effective proportion of infrastructure assets incorporated for each asset and the main investment targets of the assets listed in Article 3, Paragraph 5, Item 3 and Paragraph 6, Item 2 of the Rules on IIT, etc. as of the end of the period shall be noted for each type of asset.
- (13) Major assets held: For assets held as of the end of the current period, the proportion of total leasable area and total rental revenue, etc. accounted for by each individual asset shall be indicated for at least the top 10 individual assets in terms of book value as of the end of the current period.
- (14) Details of incorporated assets: Details of assets incorporated in the REIT as of the end of the current period shall be indicated separately for each type of asset.

However, in lieu of this indication, a detailed statement of securities (meaning a detailed statement of securities as prescribed in Article 80, Paragraph 1, Item 1 of the Ordinance on Investment Corporation's Financial Statements) may be attached for securities, a detailed statement of real estate, etc. (meaning a details of real estate, etc. as prescribed in Article 80, Paragraph 1, Item 5 of the Ordinance on Investment Corporation's Financial Statements) may be attached for real estate, etc., a detailed statement of renewable energy power generation facilities (meaning a details of renewable energy power generation facilities, etc., as prescribed in Article 80, Paragraph 1, Item 8 of the Ordinance on Investment Corporation's Financial Statements) may be attached for renewable energy power generation facilities, etc., and details of rights to operate public facilities, etc. (meaning Details of Rights to Operate Public Facilities, etc. as prescribed in Article 80, Paragraph 1, Item 9 of the Ordinance on Investment Corporation's Financial Statements may be attached for Rights to Operate Public Facilities, etc.

When indicating renewable energy power generation facilities, in addition to the table set forth in the detailed statement of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts, etc., matters concerning the approved business operator or supplier (nature of business, financial status, profit status, status of personnel engaged in operation of the renewable energy power generation facility, performance of operation of the renewable energy power generation facility and other important matters concerning the approved business operator's or supplier's ability to perform its business) shall be indicated. If a lease contract with respect to the renewable energy power generation facility has been entered into with a counterparty, rental income during the business period of the investment corporation assets, expiration date of the contract, method of contract renewal, deposit and other matters to be specified with respect to the lease contract, price for each renewable energy power generation facility as of the end of the current period shall be indicated. If the renewable energy power generation facility falls under the category of certified power generation facility, matters concerning compliance with the standards set forth in each item of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources shall be indicated.

In addition, when indicating operating rights for public facilities, etc., the status of public facilities,

etc. to which the said operating rights pertain (details of the service agreement for the operation of the public facilities etc. (counterparty to the agreement, term of the agreement, annual service fee and other matters to be specially noted regarding the said agreement), actual annual operating revenue, current status of the public facilities etc. and other matters that have a significant impact on the price of the operating rights for said public facilities, etc.), matters concerning the counterparty to the service agreement for the operation of public facilities, etc. (nature of its business, financial status, status of earnings, status of personnel engaged in the operation, etc. of the public facilities, etc., actual performance of the operation, etc. of the public facilities, etc., and other important matters concerning the ability of the counterparty to the agreement to execute the business), and the price for each operating right for public facilities, etc. as of the end of the period shall be indicated in addition to the table set forth in the details of incorporated assets in Attached Table 6 (14) of the Committee Resolution on Infrastructure Investment Trusts.

- (15) Status of other assets: Assets other than infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc. as of the end of the current period shall be classified into the types of assets specified in the By-laws and indicated separately.

However, this may be omitted for assets for which special treatment related to hedge accounting is applied (i.e., those used as hedging instruments).

- (16) Held assets by country/region: In the case of investments in overseas infrastructure assets, etc. in multiple countries/regions, the held assets as of the end of the current period shall be indicated for each country/region.
- (17) Scheduled capital expenditures: Implementation plans for capital expenditures that have been finalized prior to the Date of Production of the relevant asset management report shall be indicated for each such plan.
- (18) Capital expenditures during the period: If the implementation plans for capital expenditures have been completed by the end of the current period, each such plan shall be indicated. When capital expenditures are made due to natural disasters, etc., the relevant capital expenditures shall be indicated separately.
- (19) Money set aside for long-term repair plans: The amount set aside at the end of the period based on long-term repair plans shall be indicated as the balance of the reserve for the start of the current period at the end of each period, the amount set aside and the amount reversed for each business period, and the amount carried forward to the next period at the end of each period, for five or more business periods prior to the current period (if the business period is less than six months, it shall be the business periods within the past five years from the end of the preparation period).

In the event that investment contributions are refunded on an ongoing basis every period as stipulated in Article 43-2 of the Rules on IIT, etc., notes or similar information shall be provided on the matters stipulated in Item 5 of the same article.

- (20) Details of expenses related to management, etc.: The total amount of expenses paid by the infrastructure investment corporation during the current period and expenses paid to outside contractors, etc. that have concluded agreements with the said infrastructure investment corporation shall be indicated separately

by party to which payment is made.

- (21) Status of borrowing: If there is a balance of funds borrowed during the current period, the lender, the date of borrowing, the balance at the beginning of the current period, the balance at the end of the current period, the average interest rate, the repayment due date, the repayment method, the use purpose of the funds, whether or not collateral is provided, collateral properties, and other special provisions shall be indicated separately for each borrowing.
- (22) Investment corporation bonds: If there are investment corporation bonds outstanding at the end of the current period, the name of the issue, date of issue, balance at the beginning of the current period, balance at the end of the current period, interest rate, redemption period, redemption method and purpose of use, etc. shall be indicated separately for each issue.
- (23) Short-term investment corporation bonds: If there are any short-term investment corporation bonds outstanding at the end of the fiscal period, the issue name, issue date, balance at the end of the fiscal period, issue value, redemption value, etc. shall be indicated separately for each issue.
- (23-2) Investment equity subscription rights: If there is an outstanding balance of investment equity subscription rights at the end of the current period, the issue name, issue date, balance at the end of the current period, issue value, redemption value, etc. shall be indicated separately for each issue.
- (24) Status of trading of infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc.: The status of trading and profits/losses relating to infrastructure assets, etc., infrastructure-related assets, etc., and real estate, etc. during the current period shall be indicated separately for each asset.
- (25) Status of trading of other assets: The status of trading of other assets and profits/losses during the current period shall be indicated separately for each asset.
- (26) Investigation of the price of specified assets, etc.: The matters stipulated in Article 73, Paragraph 1, Item 19 of the Ordinance on Investment Corporation's Financial Statements shall be indicated.
- (27) Status of transactions with interested parties, etc.: The status of transactions with interested parties, etc. during the current period and the total amount of commissions paid thereto shall be indicated. In this case, interested parties, etc. shall be those to whom any of the following criteria (a) to (c) apply.
- (a) An interested party, etc. as defined in Article 123 of the Cabinet Order
  - (b) A Corporation, etc. that has entered into a discretionary investment advisory agreement for infrastructure assets, etc. with an interested party, etc. of the asset management company
  - (c) A Corporation, etc. in which interested parties, etc. of the asset management company hold a majority stake or constitute a majority of the officers, etc.
- (28) Status of transactions, etc., with asset management companies in relation to secondary businesses operated by the asset management companies in question: In cases where an asset management company is engaged in a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, or Specified Joint Real Estate Venture, the status of transactions during the current period with said asset management company, which is a Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage, or Specified Joint Real Estate Venture involved in the secondary business in question, shall be indicated alongside the total amount of trading commissions paid to said asset management company or the total amount of commissions.

- (29) Status of assets, liabilities, principal, and profits and losses: The status of assets, liabilities, principal, and profits and losses as of the end of the current period shall be indicated. Alternatively, a balance sheet, profit and loss statement, statement of changes in investors' equity, notes, and statement of cash distribution may be attached instead.
- (30) Change in the method of calculating depreciation: When there is a change in the method of calculating the amount of depreciation of equipment, etc., at the end of or during the current period, the date of the change in calculation method, the calculation method before the change, the amount calculated using the calculation method before the change, the calculation method after the change, the amount calculated using the calculation method after the change, and the reason for the change shall be indicated.
- (31) Change in valuation method of infrastructure assets, etc. and real estate, etc.: If the valuation method of infrastructure assets, assets specified as Land and Buildings, etc. associated with Infrastructure Assets, real estate, leaseholds or superficies rights of real estate is changed at the end of or during the current period, the date of change of the valuation method, the valuation method before change, the appraised value appraised by the method before change, the valuation method after change, the appraised value appraised by the method after change, the reason for change, and any other special provisions shall be indicated.
- (32) Disclosures related to beneficiary certificates of investment trusts, etc. created by the company: In the case of acquisitions, etc. listed in Article 6-3 of the Rules for Full Members' Business Operations, etc. as stipulated in Article 6-5 of the same Rules, the matters to be stated in the investment report, etc. shall be as follows.
- (a) Possession of beneficiary certificates for investment trusts, etc. created by the company as of the end of the current period.
  - (b) History of acquisitions and dispositions for each of the past five accounting periods, including the end of the current period
  - (c) Number of units held, total amount, and ratio to total number of units issued at the end of each accounting period for the past five years, including the end of the current period.
  - (d) Other matters necessary from the viewpoint of protection of investors, etc. (limited to cases where acquisition or disposal has been made in the past five years, including the end of the current period)
- (33) Announcements: If any matter prescribed in Article 109, Paragraph 2, Items 2, 3, 5, 6 and 8 of the Investment Trust Act is approved by the Board of Directors of the relevant Infrastructure Investment Corporation or if any other information is found to be important during the current period, the details of such information shall be indicated. However, this shall not apply if the details of the relevant information is indicated in other items, etc.

\* Article 16 of the By-laws

2. Items indicated in the notes may be omitted from the asset management report.

#### Article 35. Form and Presentation Guidelines

The items to be indicated as prescribed in the preceding article (excluding Items 2, 5 through 8, 11, 14 (i) and

(ii), 26 and 33) pertaining to the asset management reports of infrastructure investment corporations may be indicated in accordance with the form and presentation guidelines prescribed by the Self-Regulation Committee.

\* Committee Resolution on Infrastructure Investment Trusts 2

Article 36. Disclosures for Investment Corporations other than Real Estate Investment Corporations and Infrastructure Investment Corporations

With respect to asset management reports of investment corporations other than real estate investment corporations and infrastructure investment corporations, in principle, the provisions of the Ordinance on Investment Corporation's Financial Statements shall apply, and in this case, the disclosure of real estate, etc. and asset-backed securities, etc., infrastructure assets, etc. and infrastructure-related assets, etc. shall be disclosed with reference to the provisions of Articles 26 and 34.

Chapter 10: Miscellaneous Provisions

Article 37. Disclosure of Batch Orders

1. A Management Company shall disclose in advance on its website its basic approach to placing batch orders, target securities, etc. (as defined in Article 8-2 of the Management Rules), target transactions, method of allocating execution results, basic policy for best execution, internal management system, and other matters for reference (hereinafter referred to as "Matters for Disclosure.")

It should be noted that the Matters for Disclosure are included in 1. Status of Business (19) (i) "Status of Internal Control over Investment Management Business" in the Business Report stipulated in Article 182, Paragraph 1 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007, the "Ordinance on Financial Instruments Business").

2. In cases where batch orders are placed that include foreign investment assets (meaning foreign investment assets as specified in Article 171, Paragraph 1, Item 1 of the Ordinance on Financial Instruments Business; the same shall apply hereinafter) or investment assets other than investment trust property (meaning investment assets specified in Article 35, Paragraph 1, Item 15 of the FIEA; the same shall apply hereinafter), the fact that batch orders including foreign investment assets or said investment assets (to be listed by industry sector of the investment management business) shall be disclosed in addition to the Matters for Disclosure listed in the preceding paragraph.

Article 38. Disclosure of Risk Management Methods for Investment Restrictions on Derivative Transactions

A Management Company shall disclose on its website a summary of the risk management method for derivative transactions that it has formulated based on the "Guidelines on Investment Restrictions on Derivative Transactions."

Article 39. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

Article 40. Others

Any matters not provided for in these Rules with respect to investment reports, etc. for investment trusts and investment corporations may be determined by a resolution of the Board of Directors.

Article 41. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors. ).

Supplementary Provision

These Rules shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on May 25, 2004.

Supplementary Provision

This amendment shall come into effect on March 18, 2005.

Supplementary Provision

These amendments shall be effective as of May 1, 2006, and shall apply to investment reports for investment trusts and asset management reports for investment corporations with settlement of accounts on and after May 1, 2006.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

However, the amendments to the proviso of Article 22, Item 10 and the proviso of Article 26, Paragraph 1, Item 9 shall be implemented from July 1, 2006, and shall apply to investment reports for investment trusts and asset management reports for investment corporations with settlement of accounts on and after that date.

Supplementary Provision

These amendments shall be effective as of December 1, 2006, and shall apply to investment reports for investment trusts and asset management reports for investment corporations with settlement of accounts on and after that date.

Supplementary Provision

This amendment shall come into effect on February 16, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

However, the revised provisions (excluding Article 26, Paragraph 1, Item 22 and Article 27-2) shall be applied from the first accounting period that starts after the effective date.

Supplementary Provision

These amendments shall be effective as of June 20, 2008 and shall apply to investment reports for real estate investment trusts and asset management reports for real estate investment corporations with settlement of accounts on and after that date.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

However, Article 22, Paragraph 1, Item 30 and Article 26, Paragraph 1, Item 32 shall apply to investment reports for investment trusts and asset management reports for investment corporations with settlement of accounts on and after that date.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on September 16, 2009.

Supplementary Provision

This amendment shall come into effect on February 17, 2011.



#### Supplementary Provision

These amendments shall be effective as of September 15, 2011, and shall apply to business periods beginning on and after April 1, 2011; with respect to business periods beginning before that date, the provisions then in force shall remain applicable.

#### Supplementary Provisions

1. These amendments shall be effective as of June 1, 2012, and shall apply to investment reports for investment trusts with settlement of accounts on and after that date.
2. Notwithstanding the foregoing Paragraph 1., this shall not preclude Full Members from operating under the amended provisions up to the effective date.

#### Supplementary Provision

These amendments shall be effective as of May 24, 2012.

#### Supplementary Provision

This amendment shall come into effect on December 20, 2012.

\* The amended provisions are as follows:

Article 22, Article 26

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

\* The amended provisions are as follows:

Article 2, Article 3, Article 22, Article 26, Article 30

#### Supplementary Provisions

1. These amendments shall take effect on December 1, 2014, and apply to investment trust Investment Report (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the New Investment Trust Act) falling on and after the effective date, and the provisions then in force for investment reports with preparation dates (as stipulated in Article 14, Paragraph 1 of the Old Investment Trust Act) falling prior to the effective date shall remain applicable.
2. Article 38 (Review) of the Supplementary Provisions of the Investment Trust Act states that “the government shall review the provisions of each law after its revision (hereinafter in this article referred to as “each revised law”) in principle 5 years from the effective date, and take measures as deemed necessary based on the results thereof in consideration of the state of enforcement of each revised law.” Corresponding measures shall be taken in light of this provision.

\* The amended provisions are as follows:

- (1) Amended Article 1; Article 2, Paragraph 1 introductory clause, Items 1, 4 and 6; Article 3, Paragraph 1 introductory clause, Items 4, 21, and 4.
- (2) Added Articles 3-2 and 3-3.

- (3) Amended Articles 4 and 5.
- (4) Amended Article 8, Paragraph 1 and added Paragraph 2 of Article 8.
- (5) Amended Article 9.
- (6) Added Article 9-2.
- (7) Amended Article 10, Paragraph 1 and Paragraph 2, Item 1 and Item 2.
- (8) Added Article 10-2 and Article 12, Paragraph 1, Item 8.

#### Supplementary Provision

This amendment shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Added Article 19-2 and Article 27-3.

#### Supplementary Provision

This amendment shall come into effect on December 1, 2014.

However, Article 22 and Article 24-2 shall apply to investment trust Investment Reports (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the New Investment Trust Act) falling on and after the effective date, and the provisions then in force for investment reports with preparation dates (as stipulated in Article 14, Paragraph 1 of the Old Investment Trust Act) falling prior to the effective date shall remain applicable.

\* The amended provisions are as follows:

- (1) Amended Article 22 introductory clause, Items 20 and 25.
- (2) Added Article 24-2; Article 26, Paragraph 1, Item 23-2; Article 26, Paragraph 1, Items 34 and 35.

#### Supplementary Provisions

This amendment shall come into effect on March 1, 2015.

\* The amended provisions are as follows:

Amended Article 27-2, Paragraph 1.

#### Supplementary Provisions

1. These amendments shall be effective as of the date of enforcement of the amended Ordinance on Investment Corporation's Financial Statements (April 1, 2015).
2. With respect to the asset management report for business periods of investment corporations beginning prior to the effective date of these amended regulations, the provisions then in force shall remain applicable.

\* The amended provisions are as follows:

Amended Article 26, Paragraph 1, Items 4 and 19.

#### Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

- (1) Amended Article 3, Paragraph 1, Item 19 and added Item 22 of the same.
- (2) Amended Article 3-3, Paragraph 1, Item 6; Article 6, Paragraph 3, Item 3; Article 20; Article 22, Items 8, 14, 15, 22 and 29; Article 24; Article 26, Paragraph 1, Items 14, 15, 24 and 31; and Article 27.
- (3) Added Chapter 8 (Article 28 to Article 32) and Chapter 9 (Article 33 to Article 36).
- (4) Moved former Chapter 8 to Chapter 10, and former Articles 27-2 through 30 to Articles 37 through 41.

#### Supplementary Provisions

This amendment shall come into effect on May 18, 2017.

\* The amended provisions are as follows:

- (1) Deleted Article 13, Paragraph 1, Item 1 and Article 16, Paragraph 1, Item 3. Numbering reorganized accordingly.
- (2) Amended Article 22, Paragraph 14; Article 26, Paragraph 1, Item 14; Article 29, Paragraph 14; and Article 34, Paragraph 1, Item 14.

#### Supplementary Provisions

These amendments shall be effective as of September 30, 2019, shall apply to investment trust Investment Report (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the Investment Trust Act) falling on and after the effective date. However, this shall not preclude the application of the amended provisions prior to the effective date.

\* The amended provisions are as follows:

- (1) Added Article 3, Paragraph 1, Item 5. Numbering reorganized accordingly.
- (2) Added Article 3-3, Paragraph 1, Item 1 (iv). Rearranged numbering for the previous (iv) to (ix).

#### Supplementary Provisions

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

# By-laws for Rules on Investment Reports Pertaining to Investment Trusts and Investment Corporations

Established on March 19, 2004  
Revised on December 10, 2004  
Revised on May 19, 2005  
Revised on May 11, 2006  
Revised on June 8, 2006  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on September 16, 2009  
Revised on October 14, 2010  
Revised on March 15, 2012  
Revised on December 20, 2012  
Revised on June 12, 2014  
Revised on November 20, 2014  
Revised on July 16, 2015  
Revised on May 18, 2017  
Revised on September 12, 2019

## Article 1. Purpose

These By-laws provide for matters necessary to the enforcement of rules on investment reports for investment trusts and investment corporations (hereinafter referred to as the “Rules”).

## Article 2. Status of Purchase and Sale of Incorporated Assets

The types of assets to be classified as set forth in the By-laws prescribed in Article 3, Paragraph 1, Item 6 of the Rules shall be the following assets, and where such assets are to be indicated, they shall be indicated by type as set forth in the respective items.

- (1) Shares: Listed and registered shares and unlisted and unregistered shares
- (2) Stock options certificates (including warrants securities, the same shall apply hereinafter)
- (3) Option certificates, etc.
- (4) Corporate bonds with stock options (convertible bonds)
- (5) Public and corporate bonds: national government bonds, municipal bonds, special bonds and corporate bonds (including investment corporation bonds)
- (6) Investment trust beneficiary certificates and investment securities
- (7) Investment equity subscription right certificates
- (8) Other Securities: Commercial papers, loan trust beneficiary rights, overseas negotiable certificates of deposits, and foreign loan trust beneficiary securities
- (9) Monetary claims
- (10) Promissory notes
- (11) Instruments (meaning those provided in Article 3, Item 9 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000 (hereinafter referred to as “Cabinet Order”)), and the same shall apply hereinafter)

- (12) Futures transactions: Stock futures, bond futures and other futures transactions
- (13) Option transactions: Stock index, individual stocks, bonds, interest rates, currency and other option transactions
- (14) Swap and forward transactions: Interest rates, currency, forward rate, forward currency and other swaps and forwards
- (15) Mother fund beneficiary certificates: Each mother fund thereof

#### Article 3. Transaction Status of Derivatives

Derivatives to be classified as stipulated in the By-laws prescribed in Article 3, Paragraph 1, Item 7 of the Rules shall be the following types, and where such types are to be indicated, they shall be indicated by type as set forth in the respective items.

- (1) Futures transactions: Divided into shares, bonds and instruments, etc. for each issue
- (2) Option transactions: Divided into shares, bonds and instruments, etc. and by call and put for each issue

#### Article 4. Major Issues Traded

The types of assets to be classified as stipulated in the By-laws as prescribed in Article 3, Paragraph 1, Item 9 of the Rules shall be as follows:

- (1) Shares
- (2) Stock options certificates
- (3) Option certificates, etc.
- (4) Corporate bonds with stock options (convertible bonds)
- (5) Public and corporate bonds

#### Article 5. Status of Transactions with Interested Parties

Other matters provided in the By-laws as prescribed in Article 3, Paragraph 1, Item 10 of the Rules shall be as follows:

- (1) Transaction of securities issued by interested parties and amount held at the end of period
- (2) Acquisition of securities for which financial instruments business operators (meaning type-I financial instruments business operators ( meaning entities engaged in type-I financial instruments business as defined in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as “FIEA” )) and entities similar to such that are corporations established under and conforming to foreign laws and regulations; the same shall apply hereinafter), who are interested parties, are the managing underwriters of issue
- (3) Acquisition of securities for which a financial instruments business operator, who is an interested party, or a financial institution is representative for a private placement
- (4) Payment rate of trading commissions to interested parties

#### Article 6. Description of Incorporated Assets

The types of assets to be classified as stipulated in the By-laws prescribed in Article 3, Paragraph 1, Item 13 of

the Rules shall be the following types of assets, and where details of such assets are to be indicated, individual issues shall be indicated for each type of assets set forth in the respective items.

- (1) Domestic listed and unlisted shares
- (2) Foreign listed and registered shares and unlisted and unregistered shares
- (3) Domestic stock options certificates
- (4) Foreign stock options certificates
- (5) Domestic option certificates
- (6) Foreign option certificates
- (7) Domestic corporate bonds with stock options (convertible bonds)
- (8) Foreign corporate bonds with stock options (convertible bonds)
- (9) Public and corporate bonds: Domestic public and corporate bonds shall be classified by type of bond, and foreign public and corporate bonds shall be classified by currency
- (10) Domestic investment trust beneficiary certificates and investment securities
- (11) Foreign investment trust beneficiary certificates and investment securities
- (12) Investment equity subscription right certificates
- (13) Investment trust beneficiary certificates in Japanese currency that are incorporated by fund of funds
- (14) Foreign currency-denominated investment trust beneficiary certificates incorporated by fund of funds
- (15) Other domestic securities
- (16) Other foreign securities
- (17) Monetary claims: Domestic and foreign separately
- (18) Promissory notes: Domestic and foreign separately
- (19) Beneficial Interests, silent partnership equity or trust issuing beneficiary certificates: Domestic and foreign separately
- (20) Instruments
- (21) Futures transactions: Domestic and foreign separately
- (22) Option transactions: Domestic and foreign separately
- (23) Individual stock option transactions: Domestic and foreign separately
- (24) Swaps and forward transactions
- (25) Mother fund beneficiary certificates

#### Article 7. Composition of Investment Trust Property

The types of assets to be classified as stipulated in the By-laws prescribed in Article 3, Paragraph 1, Item 17 of the Rules shall be as follows:

- (1) Shares
- (2) Stock options certificates
- (3) Option certificates, etc.
- (4) Corporate bonds with stock options (convertible bonds)
- (5) Public and corporate bonds
- (6) Investment trust beneficiary certificates and investment securities

- (7) Investment equity subscription right certificates
- (8) Other securities
- (9) Monetary claims
- (10) Promissory notes
- (11) Beneficial Interests
- (12) Silent partnership equity
- (13) Trust issuing beneficiary certificates
- (14) Instruments
- (15) Mother fund beneficiary certificates
- (16) Call loans, etc.

#### Article 7-2. Breakdown of Distribution Source

The matters to be stipulated in the By-laws prescribed in Article 3, Paragraph 5 of the Rules shall be as follows:

- (1) Dividends for the period
- (2) Revenues for the period and income other than revenues for the period within the dividends for the period
- (3) Amount subject to distribution carried forward to the next period

#### Article 8. Cases that Do Not Require Delivery of Investment Report (Full Version) and Investment Report (Delivery Version)

Cases provided for in the By-laws prescribed in Article 10, Paragraph 1 and Article 10-2, Paragraph 1 of the Rules shall address the circumstances described below:

- (1) The solicitation of the application for acquiring the beneficiary certificates are made through private placement with qualified institutional investors, and the investment trust contracts provide that investment reports shall not be delivered
- (2) A person living with the beneficiary is expected to receive the investment report without fail, and the beneficiary agrees not to receive the investment report by the preparation date thereof (excluding cases in which the beneficiary has requested delivery of the investment report by the preparation date thereof)
- (3) Beneficiary certificates are listed on a financial instruments exchange (excluding cases in which beneficiary certificates are specified listed securities as provided in Article 2, Paragraph 33 of the FIEA)
- (4) MRFs (meaning those prescribed in Article 1 of the Rules for Operations of MMF, etc. that are public and corporate bond investment trusts in compliance with the provisions of Article 25, Item 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000))
- (5) Securities for professional investors prescribed in Article 4, Paragraph 3 of the FIEA, for which information pertaining to matters to be stated in the investment report is provided or disclosed as issuer information under Article 27-32, Paragraph 1 of the FIEA pursuant to Paragraph 1 or 2 of the same article (limited to cases where provision or disclosure of such information is provided or disclosed in lieu of delivery of the investment report in the investment trust contract)

Article 9. Verifying Beneficiary to Receive Summary Delivery

1. The confirmation method specified in the By-laws as provided in Article 10, Paragraph 2, Item 2 of the Rules shall be a means whereby the beneficiary shall choose either the delivery for each fiscal year end or preparation period, or a summary delivery. In this case, summary delivery shall be made in principle every 3 months, and a delivery period of not less than 4 months and not more than 12 months may be established at the discretion of the investment trust management company (meaning the investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); hereinafter referred to as the “Management Company”).
2. When a beneficiary requests a change in delivery method, the delivery method of the investment report shall be changed in accordance with the beneficiary’s wish.

Article 10. Details of Individual Issues of Bonds Incorporated in Daily Settlement Type Bond Investment Trusts

The matters to be stipulated in the By-laws as prescribed in Article 12, Paragraph 2 of the Rules shall be the face value and the date of redemption.

Article 11. MMF Monthly Disclosure Items

The method to be specified in the By-laws as prescribed in Article 16, Paragraph 2 of the Rules shall be the method of indication as set forth in each of the following items with respect to the Items for Monthly Disclosure.

- (1) Balance of incorporated assets by type and incorporation ratio: National government bonds, municipal bonds, special bonds (excluding financial bonds, the same shall apply hereinafter in this article and the following article), financial bonds, straight bonds, corporate bonds with stock options (convertible bonds), CPs, CDs and other assets (meaning call loans, deposits, accounts receivable and accounts payable and other assets. The same shall apply hereinafter in this article and the following article) shall be divided into category and the face value (except other assets, and the same shall apply in this article), and the appraised value and the incorporation ratio (meaning the ratio of the appraised value to the total amount of net assets or total amount of assets; the same shall apply hereinafter in Item 2) shall be indicated for each asset.
- (2) Incorporation ratio of public and corporate bonds, financial bonds, CPs and CDs by top five issuers: The name of the issuer and the incorporation ratio shall be indicated for each asset by classifying them into public and corporate bonds (excluding national government bonds prescribed in Article 3, Paragraph 1, Item 1 of the Rules for Operations of MMF, etc. (hereinafter referred to as “Government bonds, etc. ”) and financial bonds), financial bonds, CPs and CDs (meaning CDs, call loans, etc. (excluding any collateralized call loan secured by Government bonds, etc.)).
- (3) Ratio of incorporated assets to total net assets by rating: Assets are classified into public and corporate bonds and short-term financial assets, and the ratio of incorporation (meaning the ratio of the appraised value to the total amount of net assets) shall be indicated for each credit rating determined by a credit



rating agency (meaning a credit rating agency provided in Article 2, Paragraph 36 of the FIEA and a specified affiliated corporation provided in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance on Financial Instruments Business, etc. Cabinet Office Ordinance No. 52 of 2007); the same shall apply hereinafter) and for each credit rating the Management Company determines based on the financial soundness of the issuing company.

#### Article 11-2 (MRF Monthly Disclosure Items)

The manner of presentation specified in the By-laws as prescribed in Article 16-2, Paragraph 2 of the Rules shall be that set forth in each of the following items corresponding to the Items for Monthly Disclosure:

- (1) Balance and ratio of incorporation of each type of incorporated asset: Assets in the portfolio shall be divided into national government bonds, municipal government bonds, special bonds, finance bonds, straight bonds, CPs, CDs and other assets, with face value (excluding other assets; the same shall apply in this article), and the appraised value and the incorporation ratio (meaning the ratio of the appraised value to the total amount of net assets or total amount of assets; the same shall apply hereinafter in Item 2) shall be indicated for each asset. However, face value and appraised value may be omitted.
- (2) The status of the incorporation ratio of public and corporate bonds and short-term financial assets by issuer shall be indicated by any of the following methods:
  - (a) Incorporation ratio of public and corporate bonds and short-term financial assets by top 10 issuers: Assets shall be divided into public and corporate bonds (meaning corporate bonds and financial bonds as defined in Article 19, Paragraph 1, Item 5 of the Rules for Operations of MMFs, etc., excluding national government bonds as defined in Paragraph 1, Item 1 and municipal bonds and special bonds as defined in Item 2 of the same article) and short-term financial assets (meaning CPs, CDs, call loans, etc. (excluding any collateralized call loans secured by Government bonds, etc.)), ; the same shall apply hereinafter), and the issuer and incorporation ratio shall be indicated for each asset separately. However, although national government bonds, municipal government bonds and special bonds may be included when indicating the public and corporate bonds, in this case, the top 10 issues by each issuers of straight bonds and financial bonds excluding national government bonds, municipal government bonds and special bonds shall be indicated.
  - (b) Incorporation ratio of incorporated assets by top 20 issuers: The issuer's name and incorporation ratio shall be indicated by totaling public and corporate bonds and short-term financial assets without dividing these assets into classes. However, if the indication includes national government bonds, municipal bonds and special bonds, the top 20 issues shall be indicated by issuer and exclude national government bonds, municipal bonds and special bonds.
- (3) Ratio of incorporated assets by credit ratings to the total amount of net assets: Assets are classified into public and corporate bonds and short-term financial assets, and the incorporation ratio (meaning the ratio of the appraised value to the total amount of net assets) shall be indicated for each credit rating by a credit rating agency, and for each credit rating determined by the Management Company based on the financial soundness of the issuing company.

Article 12. Investment Trusts Subject to Voluntary Disclosure

The investment trusts specified by the By-laws prescribed in Article 20 of the Rules shall be the following:

- (1) Privately placed investment trusts
- (2) Listed investment trusts (meaning investment trusts as defined in Article 12, Items 1 and 2 of the Cabinet Order and listed securities investment trusts as defined in Article 9-4-2 of the Act on Special Measures Concerning Taxation)
- (3) Unit type investment trusts for closed periods
- (4) Asset accumulation type investment trust
- (5) Million type investment trusts
- (6) Money pool type investment trusts
- (7) Pension type investment trusts (trusts dedicated to defined contribution pensions or variable annuities)
- (8) Investment trusts with a total net assets of less than 100 million yen or with a total number of beneficiaries of less than 50
- (9) Investment trusts for which the investment trust contract stipulates the portfolio not be replaced in principle
- (10) Other investment trusts similar to investment trusts (1) through (9)

Article 13. Classification of Assets Other Than Real Estate, etc. of a Real Estate Investment Trust (REIT)

The types of assets required to be classified among those other than a real estate and asset-backed securities of a real estate investment corporation as provided in Article 22, Item 15 of the Rules shall be the following:

- (1) Shares and investment securities
- (2) Securities other than shares and investment securities
- (3) Securities for margin transactions
- (4) Specified transactions and exchange contract transactions
- (5) Other specified assets

Article 14. Classification of Assets Other Than Real Estate, etc., of a Real Estate Investment Corporation

The provision in the preceding article shall apply mutatis mutandis to the type of assets required to be classified among those other than a real estate and asset-backed securities of a real estate investment corporation as provided in Article 26, Item 15 of the Rules.

Article 15. Classification of Assets Other Than Infrastructure Assets, etc., and Infrastructure-related Assets of an Infrastructure Investment Trust

The types of assets required to be classified among those other than infrastructure assets and infrastructure-related assets of an infrastructure investment corporation as provided in Article 29, Item 15 of the Rules shall be the following:

- (1) Shares (excluding those provided in Article 3, Paragraph 6, Item 1 of the Regulations on Infrastructure Investment Trusts and Infrastructure Investment Corporations (hereinafter referred to as “Regulations on IIT, etc.”); the same shall apply hereinafter) and investment securities (excluding those provided in

Article 3, Paragraph 6, Item 6 of the Regulations on IIT, etc.; the same shall apply hereinafter.)

- (2) Securities other than shares and investment securities
- (3) Securities for margin transactions
- (4) Specified transactions and exchange contract transactions
- (5) Other specified assets

Article 16. Classification of Assets Other Than Infrastructure Assets, etc. and Infrastructure-related Assets of an Infrastructure Investment Corporation

The provision in the preceding article shall apply mutatis mutandis to the type of assets required to be classified among those other than infrastructure assets and infrastructure-related assets of an infrastructure investment corporation as provided in Article 34, Item 15 of the Rules.

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This revision shall be in force from the date of commencement of trading on the Jasdaq Securities Exchange, Inc.

Supplementary Provision

This amendment shall come into effect on May 19, 2005.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

However, revised provisions shall apply as of the new accounting period starting on the effective date.

Supplementary Provisions

This amendment shall come into effect from the date on which the Option Certificates, etc., are listed on the Osaka Securities Exchange, Inc.

Provided, however, with regard to investment Trust Property for which the calculation period commenced prior to the implementation date, the provisions then in force may remain applicable.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on September 16, 2009.

Supplementary Provision

This revision shall take effect on January 1, 2011 and will apply beginning with monthly disclosures based on subsequent dates.

Supplementary Provisions

1. These amendments shall be effective as of June 1, 2012, and shall apply to investment reports for investment trusts with settlement of accounts on and after that date.
2. Notwithstanding the foregoing Paragraph 1., this shall not preclude Full Members from operating under the amended provisions up to the effective date.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provisions

1. These amendments shall take effect on December 1, 2014, and apply to investment trust Investment Report (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the New Investment Trust Act) falling on and after the effective date, and the provisions then in force for investment reports with preparation dates (as stipulated in Article 14, Paragraph 1 of the Old Investment Trust Act) falling prior to the effective date shall remain applicable.
2. Article 38 (Review) of the Supplementary Provisions of the Investment Trust Act states that “the government shall review the provisions of each law after its revision (hereinafter in this article referred to as “each revised law”) in principle 5 years from the effective date, and take measures as deemed necessary based on the results thereof in consideration of the state of enforcement of each revised law.” Corresponding measures shall be taken in light of this provision.

\* The amended Articles are as follows:

Article 8 is revised.

#### Supplementary Provision

This revision shall take effect on December 1, 2014, and apply to the Investment Report (Full Version) and the Investment Report (Delivery Version) of investment trusts pertaining to the preparation date stipulated in Article 14, Paragraph 1 of the new Investment Trust Act falling after the effective date, and the investment report pertaining to the preparation date stipulated in Article 14, Paragraph 1 of the old Investment Trust Act that falls prior to the effective date shall remain applicable.

\* The amended Articles are as follows:

Article 2, Item 7, Article 6, Item 12 and Article 7, Item 7 are newly established. Numbering reorganized accordingly.

#### Supplementary Provision

This amendment shall come into effect on July 16, 2015.

\* The amended Articles are as follows:

Articles 15 and 16 are newly established.

#### Supplementary Provision

This amendment shall come into effect on May 18, 2017.

\* The amended Articles are as follows:

Article 11, Item 3 is deleted. Numbering reorganized accordingly.

#### Supplementary Provision

This revision shall come into effect on September 30, 2019.

\* Corrected numbering error of items in conjunction with partial revision (September 30, 2019) in the “Rules for Investment Reports, etc., for Investment Trusts and Investment Corporations.”

## Committee Resolutions on Investment Reports Concerning Investment Trusts and Investment Corporations

Established on March 19, 2004  
Revised on December 10, 2004  
Revised on May 19, 2005  
Revised on May 11, 2006  
Revised on June 8, 2006  
Revised on January 11, 2007  
Revised on September 21, 2007  
Revised on November 8, 2007  
Revised on March 13, 2008  
Revised on July 10, 2008  
Revised on September 11, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on October 14, 2010  
Revised on March 15, 2012  
Revised on June 12, 2014  
Revised on November 20, 2014  
Revised on May 18, 2017  
Revised on September 20, 2018  
Revised on April 18, 2019

This committee resolution sets forth the form and presentation guidelines of the items to be indicated for investment reports as provided in Article 8 and Article 14, and monthly disclosure as provided in Article 16, Paragraph 3 and Article 16-2, Paragraph 3 to which the Self-Regulation Committee has been delegated pursuant to the Rules for Investment Reports, etc., for Investment Trusts and Investment Corporations.

1. The form and presentation guidelines of items to be indicated pertaining to the Investment Report (Full Version) provided in Article 8 of the Rules shall be as shown in Attached Table 1.
2. The form and presentation guidelines of items to be indicated pertaining to the Investment Reports (Delivery Version) prescribed in Article 8 of the Rules shall be as shown Attached Table 1-2.
3. The form and presentation guidelines of items to be indicated pertaining to the investment report as stipulated in Article 14 of the Rules shall be as shown in Attached Table 2.
4. The form and presentation guidelines of items to be indicated pertaining to monthly disclosure as prescribed in Article 16, Paragraph 3 and Article 16-2, Paragraph 3 of the Rules shall be as shown in Attached Table 3.

Supplementary Provision

This Sub-Committee resolution shall be implemented from April 1, 2004.

Supplementary Provision

This revision shall be in force from the date of commencement of trading on the Nasdaq Securities Exchange, Inc.

Supplementary Provision

This amendment shall come into effect on May 19, 2005.

Supplementary Provision

This amendment shall come into effect on May 24, 2006.

Supplementary Provision

This amendment shall come into effect on June 19, 2006.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This revision will come into effect on September 30, 2007.

However, the revised provisions shall apply as of the new accounting period starting on the effective date.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

Supplementary Provision

This amendment shall come into effect from the date on which the Option Certificates, etc., are listed on the Osaka Securities Exchange, Inc.

Provided, however, with regard to investment Trust Property for which the calculation period commenced prior to the implementation date, the provisions then in force may remain applicable.

Supplementary Provision

This amendment shall come into effect on July 18, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This revision shall be effective as from January 1, 2011. Revised Attached Table 2 shall apply starting with the investment report to be prepared on or this date, and revised Attached Table 3 shall apply starting with the monthly disclosure based on or after the same date.

Supplementary Provisions

1. These amendments shall be effective as of June 1, 2012, and shall apply to investment reports for investment trusts with settlement of accounts on and after that date.
2. Notwithstanding the foregoing Paragraph 1., Full Members shall not be precluded from operating under the revised provisions until such effective date.

Supplementary Provisions

1. These amendments shall take effect on December 1, 2014, and apply to investment trust Investment Report (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the New Investment Trust Act) falling on and after the effective date, and the provisions then in force for investment reports with preparation dates (as stipulated in Article 14, Paragraph 1 of the Old Investment Trust Act) falling prior to the effective date shall remain applicable.
2. In Article 38 (Review) of the Supplementary Provisions of the Investment Trust Act, the “government shall review the provisions of each law after its revision (hereinafter in this article referred to as “each revised law”) in principle 5 years from the effective date, and take measures as deemed necessary based on the results thereof in consideration of the state of enforcement of each revised law”).

\* The amended Articles are as follows:

- (1) 1 is revised.
- (2) Old 2 and old 3 are moved down one place, and a new 2 is added.
- (3) Attached Table 1 headings, 2 (1) B (c), and (3) Table A and B (b) are revised, and items from the old (c) to the old (f) are each moved down by one character, and (c) is newly added.
- (4) Attached Table 1 2 (4) headings, Table A, (Note 1), (Note 2), B headings and (c) are revised, the old (k) is deleted, and the old (l) shall be moved up to (k), and a new (l) and (m) shall be added.
- (5) Attached Table 1 2 (16) B (d) is revised.
- (6) Attached Table 1-2 is newly added.
- (7) Attached Table 2 old 5 (3), old 6 is moved down to 6 (1) and 6 (2) and 7 is newly added.



#### Supplementary Provisions

This revision shall take effect on December 1, 2014, and apply to the Investment Report (Full Version) and the Investment Report (Delivery Version) of investment trusts pertaining to the preparation date stipulated in Article 14, Paragraph 1 of the new Investment Trust Act falling after the effective date, and the investment report pertaining to the preparation date stipulated in Article 14, Paragraph 1 of the old Investment Trust Act that falls prior to the effective date shall remain applicable.

\* The revisions are as follows:

- (1) G is newly added to Attached Table 1 2 (5) A. Form Example (a) and the following G through M are moved down.
- (2) Attached Table 1 2 (5) B. Labeling Considerations (a) is revised.
- (3) Attached Table 1 2 (12) A. Form example (l) is newly added and the following (l) through (x) are moved down.
- (4) Attached Table 1 2 (12) B. Labeling Considerations (a) is revised.
- (5) Attached Table 1 2 (16) A. Form Examples (a) and B. Labeling Considerations (a) is revised.

#### Supplementary Provisions

This amendment shall come into effect on May 18, 2017.

\* The revisions are as follows:

- (1) Attached Table 2 6 (1) is deleted. (2) is moved up and A. Form Examples and B. (c) are revised.
- (2) Attached Table 3 3 is deleted. 4 is moved up and A. Form Examples and B. (b) are revised.

#### Supplementary Provisions

These amendments shall be effective as of September 30, 2019, shall apply to investment trust Investment Report (Full Version) and Investment Reports (Delivery Version) with preparation dates (as stipulated in Article 14, Paragraph 1 of the Investment Trust Act) falling on and after the effective date. However, this shall not preclude the application of the amended provisions prior to the effective date.

\* The revisions are as follows:

- (1) Attached Table 1 2. (4) (n) and (5) are newly added. Old (5) through (18) are moved down.
- (2) Attached Table 1-2 2. (1) (i) A. Examples of Indication and B. Labeling Considerations are revised.
- (3) Attached Table 1-2 2. (1) (iii) (n) and (iv) are newly added. Old (iv) through (viii) are moved down.

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

Attached Table 1

## Form and Indication Examples of an Investment Report (Full Version) for a Securities Investment Trust

(Articles 2 and 3 of the Rules)

### 1. Structure of Fund (Article 2, Paragraph 1, Item 4 of the Rules)

#### A. Form Examples

The structure of fund is as follows:

Instrument		
Trust Period and Closed Period		
Investment Policy		
Major Investment Targets	Baby funds	
	Stock mother funds	
Incorporation Restriction	Maximum ratio of incorporation of mother funds into baby funds	
	Maximum ratio of incorporation of stocks into mother funds	
Distribution Policy		

#### B. Considerations in Labeling “Structure of Fund”

- (a) The instrument classification shall be those stated in the prospectus.
- (b) When the investment policy is indicated in the case of a fund for system investment, the name of the system shall be indicated.

2. Items to be Indicated in the Text (Article 3 of the Rules)

The form of items to be indicated in the text shall be as follows:

(1) Investment performance since establishment

A. Form Examples

(a) In the case of unit type investment trusts

○ Investment Performance Since Establishment

Settlement Period	Base Value			Beneficiary Yield	Benchmark (Reference index)	Stock Incorporation Ratio, etc.	Ratio of Stock Futures	Principal Remaining Rate
	(Ex-Distribution)	Dividend Including Tax	Fluctuation During Period		Fluctuation Rate During Period			
(Inception Date) MM/DD/YYYY	Yen	Yen	Yen	%	%	%	%	%
1st Period (MM/DD/YYYY)								
2nd Period								
⋮								
n Period								

(Notes) 1. Fluctuation amount and fluctuation rate of the base value include dividends.

2. Ratio of stock futures = Buying ratio - Selling ratio

(b) Open type investment trusts

Fund with an accounting period of less than 6 months

○ Investment Performance During the Last 5 Preparation Periods (for Open Type Bond Investment Trusts, the Last 3 Preparation Periods)

Preparation Period	Base Value			Benchmark (Reference index)	Stock Incorporation Ratio, etc.	Ratio of Stock Futures	Total Net Assets
	(Ex-Distribution)	Dividend Including Tax	Fluctuation Rate During Period	Fluctuation Rate During Period			
End of 1st Preparation Period MM/DD/YYYY	Yen	Yen	%	%	%	%	Millions of yen
End of 2nd Preparation Period MM/DD/YYYY							
End of 3rd Preparation Period							
End of 4th Preparation Period							
End of 5th Preparation Period							

- (Notes)
1. The fluctuation rate in the base value includes dividends.
  2. Ratio of stock futures = Buying ratio - Selling ratio

Funds with an accounting period of 6 months or more

○ Investment Performance During the Last 5 Periods (for Open Type Bond Investment Trusts, the Last 3 Preparation Periods)

Settlement Period	Base Value			Benchmark (Reference index)	Stock Incorporation Ratio, etc.	Ratio of Stock Futures	Total Net Assets
	(Ex-Distribution)	Dividend Including Tax	Fluctuation Rate During Period	Fluctuation Rate During Period			
1st Period MM/DD/YYYY	Yen	Yen	%	%	%	%	Millions of yen
2nd Period MM/DD/YYYY							
3rd Period							
4th Period							
5th Period							

- (Notes)
1. The fluctuation rate in the base value includes dividends.
  2. Ratio of stock futures = Buying ratio - Selling ratio

## B. Labeling Considerations

- (a) In the case of a fund for which benchmarks are specified in the Contracts or prospectus, such benchmarks shall be indicated as reference indices, and in the case of other funds, appropriate indices (for example, the Nikkei 225 Series, TOPIX, stock price index by capital size, overseas stock price index, CB Quick average, or exchange rate, etc.) shall be indicated as reference indices in accordance with the nature of those instruments.
- (b) In the “Explanation of Investment Progress, etc.,” if the transition of the base value cannot be shown in a chart together with the benchmark (or reference index such as a stock index in the absence of a benchmark), the specific reason they are not shown together (for example, a detailed reason why the benchmark or reference index does not exist even in the case of a theme type fund or pursuit of absolute return type fund shall be listed. ) shall be indicated by a note made in a column in the “Investment Performance Since Establishment.”
- (c) Items such as the stock incorporation ratio shall indicate the ratio of major assets to be invested that is determined appropriate in accordance with the investment guidelines of the fund (for example, the ratio of corporate bonds with stock options (convertible bonds) for a fund invested mainly in corporate bonds with stock options (convertible bonds)).

Stock options certificates (including warrant certificates, the same shall apply hereinafter in Attached Table 1) and option certificates with the nature of shares shall be included in the stock ratio of incorporation, and it shall be noted that stock options certificates and option certificates, etc., having the nature of shares shall be included.

In the case of the family fund method, the substantial incorporation ratio shall be indicated.

- (d) Funds with an accounting period of less than 6 months shall be indicated at the end of each preparation period.

However, such presentation may be made at the end of each fiscal year.

- (e) In the event that any fund whose accounting period is less than 6 months is indicated at the end of each preparation period, the explanation of the settlement period corresponding to the preparation period of every 6 months ( \_\_th period through \_\_th period) shall be noted in the margin.
- (f) For a fund of funds, stock price index, etc. expressing the goal of the fund of funds and the incorporation ratio of the Investment Trust Securities shall be indicated.
- (g) In the case of a securities investment trust for which the provisions in Article 12, Item 2, (a) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations are provided in the contracts of the investment trust, index that expresses the interlock rate between the fluctuation of index subject to the interlocking (meaning the index to be interlocked as prescribed in Article 19, Paragraph 2 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000) and fluctuation of the net assets (base value) of the investment trust property. The same shall apply hereinafter. ) shall be indicated.

Interlock Rate (Example)

$$\frac{\text{Net assets at the end of period}}{\text{Net assets at the beginning of period}} \div \frac{\text{Index subject to interlocking at the end of period}}{\text{Index subject to interlocking at the beginning of period}} \times 100(\%)$$

(2) Base Value and Market Trend

A. Form Examples

Fund with an accounting period of less than 6 months

○ Base Value and Market Trend for the Past 6 Months

Settlement Period	MM/DD/YYYY	Base Value		Benchmark (Reference index)		Stock Incorporation Ratio, etc.	Ratio of Stock Futures
		Yen	Fluctuation Rate	Fluctuation Rate	Fluctuation Rate		
__th Period	(Beginning of period)	Yen	%		%	%	%
	(End of month)						
	(End of month)						
	(End of period) MM/DD/YYYY						
__th Period	(Beginning of period)						
	(End of month)						
	(End of month)						
	(End of period) MM/DD/YYYY						

(Note) Base value at the end of the period includes dividends, and the fluctuation rate is as compared with the beginning of the period.

Funds with an accounting period of 6 months or more
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○ Base Value and Market Trends for the Current Period

MM/DD/YYYY	Base Value		Benchmark (Reference index)		Stock Incorporation Ratio, etc.	Ratio of Stock Futures
	Yen	Fluctuation Rate %		Fluctuation Rate %		
(Beginning of period) MM/DD/YYYY		%		%	%	%
(End of month)						
(End of month)						
(End of period) MM/DD/YYYY						

(Note) Base value at the end of the period includes dividends, and the fluctuation rate is as compared with the beginning of the period.

**B. Labeling Considerations**

- (a) Labeling Considerations (a), (b) and (c) in “Investment Performance Since Establishment” shall be applied correspondingly.
- (b) The monthly base date during the period excluding the beginning and end of the period shall be the last business day at the end of the month. Provided, that the end-of-month notice may be omitted when such information is determined not necessary in accordance with the nature of the fund’s instruments.
- (c) The fluctuation rate of base values and stock price indexes shall be as compared with the beginning of the period.
- (d) For funds with an accounting period of less than 6 months, transition in the base value shall be indicated for the last 6 months before the end of the preparation period for the investment report.
- (e) For a fund of funds, stock price index, etc. expressing the goal of the fund of funds and the incorporation ratio of the Investment Trust Securities shall be indicated.



(3) Breakdown of the Distribution Source

A. Indication Examples

**Fund with an accounting period of less than 6 months (monthly settlement)**

(Units: yen / %, per 10,000 shares before taxes)

Item	__th Period	__th Period	__th Period	__th Period	__th Period	__th Period
	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY
Dividends for the Period (Ratio to base value)						
Revenue for the Period						
Income Other Than Revenue for the Period						
Amount Subject to Distribution Carried Forward to the Next Period						

**Fund with an accounting period of 6 months or more (Example of 1-year settlement)**

(Units: yen / %, per 10,000 shares before taxes)

Item	__th Period
	MM/DD/YYYY - MM/DD/YYYY
Dividends for the Period (Ratio to base value)	
Revenue for the Period	
Income Other Than Revenue for the Period	
Amount Subject to Distribution Carried Forward to the Next Period	

B. Labeling Considerations

- (a) The status of each accounting period during the period subject to preparation of the investment report shall be separately indicated.
- (b) The amount to be indicated shall be per 10,000 shares (meaning the units for indicating the base value, the same shall apply hereinafter).
- (c) “Dividends for the Period” indicates “(Ratio to base value),” in which case it shall be noted that the ratio to base value is the ratio to the base value at the end of the period (including dividends) to dividends for the period including tax, which is different from the rate of return of the fund.
- (d) “Revenue for the Period” shall indicate the sum of the amounts allocated for distribution for the period from “Revenues from dividends, etc. after deduction of expenses” and “Gains on sale after deduction of expenses and compensation for loss carried forward (including valuation gains).”
- (e) “Income Other Than Revenue for the Period” shall indicate the total amount allocated for distribution for the period from the “reserve for dividends” and the “revenue adjustment.”

- (f) When calculating “Revenue for the Period” and “Income Other Than Revenue for the Period,” if there is any amount less than the decimal point per 10,000 shares, such amount shall be added up including the amount less than the decimal point, and the amount added up shall be rounded down to the decimal point.

If there is no numerical value in a corresponding column, “-” shall be indicated, and if there is only a numerical value after the decimal point, “0” shall be indicated.

“Revenue for the Period” and “Income Other Than Revenue for the Period” are rounded down to the nearest whole number. If the total amount of revenues for the period does not match the amount of “Dividends for the Period,” such fact shall be indicated in the notes. Even if the numbers are matched, the fact of such also may be noted.

- (g) “Amount Subject to Distribution Carried Forward to the Next Period” shall indicate the amount obtained by deducting “Dividends for the Period” from “Amount Available for Distribution of Revenues for the Period.”

(4) Details of Expenses per 10,000 Units

A. Form Examples

Fund with an accounting period of less than 6 months
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○ Details of Expenses per 10,000 Units

Item	__th Period to __th Period		Summary of Items
	(MM/DD/YYYY - MM/DD/YYYY)		
	Amount	Ratio	
(a) Trust Fees (Investment trust company) (Seller) (Trustee company)	Yen	%	Where described in (Note 1): (☆1) Where described in (Note 1): (☆2) Where described in (Note 1): (☆3) Where described in (Note 1): (☆4)
(b) Subscription Fees			
(c) Trading Commissions (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (instruments) (Futures and options)			Where described in (Note 1): (☆5)
(d) Securities Transaction Tax (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Public and corporate bonds)			Where described in (Note 1): (☆6)
(e) Other Expenses (Storage expenses) (Audit expenses) (Other)			Where described in (Note 1): (☆7)
Total			

Funds with an accounting period of 6 months or more

○ Details of Expenses per 10,000 Units

Item	Current Period		Summary of Items
	(MM/DD/YYYY - MM/DD/YYYY)		
	Amount	Ratio	
(a) Trust Fees (Investment trust company) (Seller) (Trustee company)	Yen	%	Where described in (Note 1): (☆1) Where described in (Note 1): (☆2) Where described in (Note 1): (☆3) Where described in (Note 1): (☆4)
(b) Subscription Fees			
(c) Trading Commissions (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Instruments) (Futures and options)			Where described in (Note 1): (☆5)
(d) Securities Transaction Tax (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Public and corporate bonds)			Where described in (Note 1): (☆6)
(e) Other Expenses (Storage expenses) (Audit expenses) (Other)			Where described in (Note 1): (☆7)
Total			

(Note 1)

In the following Notes, (☆) shall be inserted in the right column of the table, and each company shall insert other items as it deems necessary.

(Unit type investment trust)

(Marginal notes) Overview of items

Expenses incurred during the period (including consumption tax for applicable items) are calculated using the simplified method because the number of units of beneficial interest changes as a result of early cancellation.

(The method of calculation shall be described, but real numbers may be omitted.)

(☆1) (a) Trust fee = [Average base value during the period] x Trust fee rate (\*)

(\*) Fund for which trust fees are recorded daily on a net asset basis.

Or

$$\frac{[\text{Trust fees payable at the end of the semiannual period}]}{[\text{Number of units of beneficial interest at the end of the semiannual period}]} = \frac{[\text{Trust fees payable at the end of the period}]}{[\text{Number of units of beneficial interest at the end of the period}]}$$

The average base value for the period is ○○○○ yen.

The “Ratio” column indicates the ratio obtained by dividing the each amount of expenses per 10,000 units by the average base value during the period and multiplying 100.

The following job description of items for compensation are examples used for examples.

(☆2) Compensation for management of the entrusted funds

(☆3) Compensation for sending various documents such as the Investment Report (Delivery Version), managing the fund in the account, and providing information after purchase

(☆4) Compensation for management of investment property and execution of instructions from investment trust companies

$$(\star 5) \text{ (c) Trading commissions} = \frac{[\text{Trading commissions during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

Trading commissions are fees to be paid to brokers for the purchase and sale of securities

$$(\star 6) \text{ (d) Securities transaction tax} = \frac{[\text{Securities transaction tax during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

The securities transaction tax is a tax on transactions arising from each transaction of securities.

$$(\star 7) \text{ (e) Other expenses} = \frac{[\text{Other expenses during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

Other Expenses

- Storage expenses are expenses required for the storage of securities, remittance of funds, and transfer of assets that are paid to overseas storage banks, etc.
- Audit expenses are expenses related to audits of the fund to be paid to the auditing corporation or entity.
- For expenses incurred other than those described above, concrete items shall be listed and the nature of services shall be described.

(Open type investment trusts)

(Marginal notes) Overview of items

Expenses during the period (including consumption tax for applicable items) are calculated using the simplified method because the number of units of beneficial interest changes as a result of addition or early cancellation.

(The method of calculation shall be described, but real numbers may be omitted.)

$$(\star 1) \text{ (a) Trust fee} = [\text{Average base value during the period}] \times \text{Trust fee rate}$$

The average base value for the period is ○○○○ yen.

The “Ratio” column indicates the ratio obtained by dividing the each amount of expenses per 10,000 units by the average base value during the period and multiplying 100.

The following job description of items for compensation are examples used for examples.

- (☆2) Compensation for management of the entrusted funds
- (☆3) Compensation for sending various documents such as the Investment Report (Delivery Version), managing the fund in the account, and providing information after purchase
- (☆4) Compensation for management of investment property and execution of instructions from investment trust companies

$$(☆5) \text{ (c) Trading commissions} = \frac{\text{[Trading commissions during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

Trading commissions are fees to be paid to brokers for the purchase and sale of securities

$$(☆6) \text{ (d) Securities transaction tax} = \frac{\text{[Securities transaction tax during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

The securities transaction tax is a tax on transactions arising from each transaction of securities.

$$(☆7) \text{ (e) Other expenses} = \frac{\text{[Other expenses during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

#### Other Expenses

- Storage expenses are expenses required for the storage of securities, remittance of funds, and transfer of assets that are paid to overseas storage banks, etc.
- Audit expenses are expenses related to audits of the fund to be paid to the auditing corporation or entity.
- For expenses incurred other than those described above, concrete items shall be listed and the nature of services shall be described.

(Unit type and open type investment trusts)

(Note 2) Figures less than 1 yen are rounded off for each item.

In the case of the family fund method, the following provisory clause shall be indicated after (Note 1):  
“Trading commissions, securities transaction taxes and other expenses include, of the amount paid by the mother fund incorporated by this fund, the amount corresponds to the fund.”

#### B. Considerations in Labeling Details of Expenses per 10,000 Units

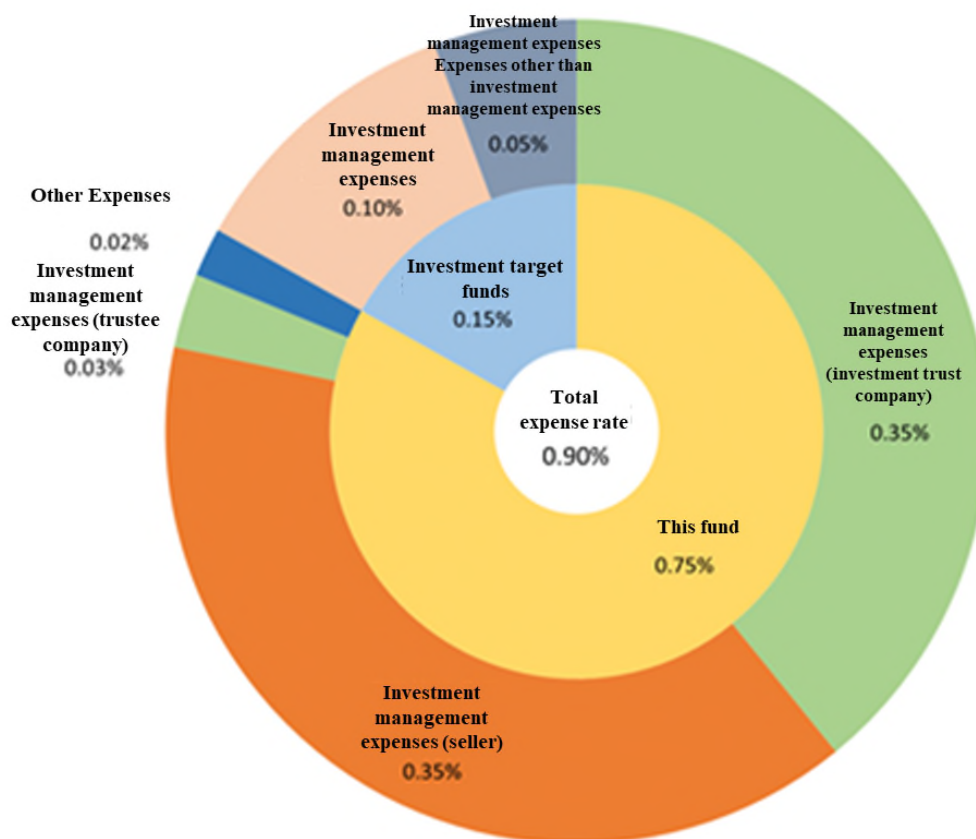
Points to consider when listing the calculation method of (Note 1) and real numbers

- (a) Trading commissions, securities transaction taxes and other expenses during the period shall be in units of 1,000 yen. (Amounts less than 1 unit omitted)

- (b) The average number of units of beneficial interest during the period is the simple average of the number of units remaining as of the end of each month. The unit is 1,000 units. (In the case of a fund whose principal is 1 yen per unit, the unit for indicating the base value)
- (c) Trading commissions, securities transaction taxes and other expenses per 10,000 units are rounded off to the nearest yen.
- (d) The average base value during the period is a simple average as of the end of each month.
- (e) Conversion of foreign currencies into Japanese yen shall be made in the following manner:  
Trading commissions, securities transaction taxes and other expenses are the total amount of Japanese currency converted at the medium price as of the end of each month (closing date for the month to which the settlement date belongs).
- (f) Trading commissions, securities transaction taxes and other expenses during the period shall be calculated by adding the amount of each mother fund attributable to baby funds, which shall be calculated in accordance with the statement of dividend income based on the amount paid directly by baby funds.
- (g) When such amount is negative (minus), put (-) in the table.
- (h) For funds with an accounting period of less than 6 months, quantities (a) through (e) of each accounting period shall be calculated and the total amount for the past 6 months before the end of preparation shall be listed. However, it may also be indicated for each settlement of accounts.
- (i) For funds with an accounting period of 6 months or more, the preceding period may also be indicated.
- (j) With respect to direct sales-only funds, it is not necessary to indicate the Seller in Trust fees.
- (k) For the (c) trading commissions and (d) securities transaction taxes of a fund of funds, the amount of commissions and transaction taxes related to the purchase and sale of investment trust securities shall be indicated.
- (l) With regard to investment target funds, a note to the effect that “expenses for each item do not include expenses paid by the investment trust securities (excluding the mother fund) incorporated in this fund” shall be made.  
  
In addition, in accordance with the status of each fund, the note for stating “Those for which “Details of Expenses per 10,000 Units” as of the end of the most recent accounting period of such investment trust certificates can be acquired shall be indicated in the “Summary of Top-Ranked Incorporated Funds,” shall be attached and the itemized expenses shall be made available for reference.
- (m) The “Ratio” column shall be accompanied by a note to the effect that “each amount of expenses per 10,000 units is divided by the average base value during the period and multiplied by 100.”
- (n) In cases such as the amount of expenses other than storage expenses and audit expenses incurred among other expenses is relatively large, notes on the contents of individual and specific expenses shall be entered as necessary.

(5) (Reference Information) Total Expense Rate

A. Form Examples



Total expense rate ((i) + (ii) + (iii))	0.90%
(i) Ratio of expenses of this fund	0.75%
(ii) Ratio of investment management expenses of the investment target funds	0.10%
(iii) Ratio of non-investment management expenses of the investment target funds	0.05%

(Note 1) Expenses in (i) are calculated using the simplified method for details of expenses per 10,000 Units.

(Note 2) Each expense, in principle, does not include subscription fees, trading commissions and securities transaction taxes.

(Note 3) Each percentage is calculated on an annual basis.

(Note 4) Investment target funds is the investment trust security (excluding the mother fund) that are



incorporated by this fund.

(Note 5) Expenses in (i) include expenses paid by the mother fund and do not include expenses paid by the investment target funds.

(Note 6) The period for which expenses in (i) and expenses in (ii) and (iii) are included may differ.

(Note 7) Figure is calculated on the above premises. For this reason, these values are for information only and differ from the ratio of actual expenses incurred.

#### B. (Reference Information) Considerations in Labeling the Total Expense Rate

(a) The ratio of investment management expenses and other expenses shall be the ratio (per annum) of each expense during the period used in the details of expenses per 10,000 Units.

(b) When there are investment target funds, notes shall be provided on the matters in (Note 4) through (Note 6).

(c) For a fund of funds, the total sum of (i) Ratio of expenses of this fund (the value obtained, in principle, by subtracting the rate of subscription fees, trading commissions and securities transaction taxes from the total listed in “Details of Expenses per 10,000 Units” and calculating this rate on an annual basis), (ii) Ratio of investment management expenses of the investment target fund (the simplified method in which the value obtained by subtracting the rate of “investment management expenses (trust fees) of this fund” from the rate of “substantial investment management expenses (trust fees)” listed in the prospectus (hereinafter referred to as the “investment management expenses rate (simplified)”) may be used.) and (iii) Ratio of non-management and administrative expenses of the investment target fund (excluding, in principle, subscription fees, trading commissions, and securities transaction taxes) (the simplified method, in which the rate obtained by subtracting the investment management expenses rate (simplified) from the total expense rate of the investment target fund in question), may also be used.) shall be indicated in a pie graph as the total expenses ratio.

In making such entries, such information shall be disclosed in as much detail as possible, and such necessary notes as those in (Note 7) shall be made so as not to cause misunderstanding to the beneficiary.

When (iii) Ratio of expenses other than management and administrative expenses of the investment target fund cannot be assessed, the name of the disclosure item shall be “expense rate (excluding expenses other than management and administrative expenses of the investment target fund)” and it shall be noted to the effect that “in some cases, there may be expenses other than the investment management expenses in the investment target fund which are not included in the above.”

(d) For funds other than a fund of funds, the above table shall be omitted.

(6) Status of Trades and Transactions

A. Form Examples

(a) Direct investment funds

A. Shares

Fund with an accounting period of less than 6 months

○ Trading in the Past 6 Months (from MM/DD/YYYY to MM/DD/YYYY)

Settlement Period		__th Period to __th Period			
		Purchased		Sold	
		Number of Shares	Amount	Number of Shares	Amount
Domestic	Listed	Thousand shares ( )	Thousands of yen ( )	Thousand shares ( )	Thousands of yen ( )
	Unlisted				
Foreign	U.S.A.	Hundred shares	Thousands of USD	Hundred shares	Thousands of USD
	U.K.		Thousand pounds		Thousand pounds
	.....		Thousand.....		Thousand.....
	Unlisted, Unregistered (U.S.A.)				

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) are increases or decreases resulting from allocation of new shares, stock conversion, merger, etc., and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more

○ Trading Status During the Fiscal Period (from MM/DD/YYYY to MM/DD/YYYY)

		Purchased		Sold	
		Number of Shares	Amount	Number of Shares	Amount
Domestic	Listed	Thousand shares ( )	Thousands of yen ( )	Thousand shares ( )	Thousands of yen ( )
	Unlisted				
Foreign	U.S.A.	Hundred shares	Thousands of USD	Hundred shares	Thousands of USD
	U.K.		Thousand pounds		Thousand pounds
	.....		Thousand.....		Thousand.....
	Unlisted, Unregistered (U.S.A.)				

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) are increases or decreases resulting from allocation of new shares, stock conversion, merger, etc., and are not included in the figures in the upper part.

B. Stock Options Certificates

Fund with an accounting period of less than 6 months

Settlement Period		__th Period to __th Period			
		Purchased		Sold	
		Number of Certificates	Amount	Number of Certificates	Amount
Domestic		Certificates	Thousands of yen	Certificates ( )	Thousands of yen ( )
Foreign	U.S.A.		Thousands of USD		Thousands of USD
	U.K.		Thousand pounds		Thousand pounds
	.....		Thousand.....		Thousand.....

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more

		Purchased		Sold	
		Number of Certificates	Amount	Number of Certificates	Amount
Domestic		Certificates	Thousands of yen	Certificates ( )	Thousands of yen ( )
Foreign	U.S.A.		Thousands of USD		Thousands of USD
	U.K.		Thousand pounds		Thousand pounds
	.....		Thousand.....		Thousand.....

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

C. Option Certificates, etc.

Fund with an accounting period of less than 6 months
--

Settlement Period	__th Period to __th Period			
	Purchased		Sold	
	Number of Certificates	Amount	Number of Certificates	Amount
Domestic	Certificates	Thousands of yen	Certificates ( )	Thousands of yen ( )
Foreign	U.S.A.	Thousands of USD		Thousands of USD
	U.K.	Thousand pounds		Thousand pounds
	.....	Thousand.....		Thousand.....

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more
---

	Purchased		Sold	
	Number of Certificates	Amount	Number of Certificates	Amount
Domestic	Certificates	Thousands of yen	Certificates ( )	Thousands of yen ( )
Foreign	U.S.A.	Thousands of USD		Thousands of USD
	U.K.	Thousand pounds		Thousand pounds
	.....	Thousand.....		Thousand.....

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

D. Corporate Bonds with Stock Options (Convertible Bonds)

Fund with an accounting period of less than 6 months
--

Settlement Period	__th Period to __th Period			
	Purchased		Sold	
	Face Value	Amount	Face Value	Amount
Domestic	Thousands of yen	Thousands of yen	Thousands of yen ( )	Thousands of yen ( )
Foreign	U.S.A.	Thousands of USD	Thousands of USD	Thousands of USD
	U.K.	Thousand pounds	Thousand pounds	Thousand pounds
	.....	Thousand.....	Thousand.....	Thousand.....

(Note 1) The amount is the price for delivery (excluding accrued interest).

(Note 2) Figures in ( ) indicate the decrease due to the exercise of options and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more
---

	Purchased		Sold	
	Face Value	Amount	Face Value	Amount
Domestic	Thousands of yen	Thousands of yen	Thousands of yen ( )	Thousands of yen ( )
Foreign	U.S.A.	Thousands of USD	Thousands of USD	Thousands of USD
	U.K.	Thousand pounds	Thousand pounds	Thousand pounds
	.....	Thousand.....	Thousand.....	Thousand.....

(Note 1) The amount is the price for delivery (excluding accrued interest).

(Note 2) Figures in ( ) indicate the decrease due to the exercise of options and are not included in the figures in the upper part.

E. Public and Corporate Bonds

Fund with an accounting period of less than 6 months
--

Settlement Period		__th Period to __th Period		
		Purchase Price	Sell Price	
Domestic	National government bond certificates	Thousands of yen	Thousands of yen ( )	
	Municipal bond certificates			
	Special bond certificates			
	Corporate bond certificates			
Foreign	U.S.A.	National government bond certificates	Thousands of USD	
		Municipal bond certificates	Thousands of USD ( )	
	U.K.	National government bond certificates	Thousand pounds	Thousand pounds ( )
		Municipal bond certificates		
.....	National government bond certificates	Thousand.....	Thousand..... ( )	
.....	Municipal bond certificates			
.....	Special bond certificates			
.....	Corporate bond certificates			

(Note 1) The amount is the price for delivery (excluding accrued interest).

(Note 2) Figures in ( ) indicate the decrease due to reimbursement and are not included in the figures in the upper part.

(Note 3) Corporate bonds do not include corporate bonds with stock options (convertible bonds).

Funds with an accounting period of 6 months or more

		Purchase Price	Sell Price		
Domestic	National government bond certificates Municipal bond certificates Special bond certificates Corporate bond certificates	Thousands of yen	Thousands of yen ( )		
	U.S.A.	National government bond certificates Municipal bond certificates Special bond certificates Corporate bond certificates	Thousands of USD	Thousands of USD ( )	
		U.K.	National government bond certificates Municipal bond certificates Special bond certificates Corporate bond certificates	Thousand pounds	Thousand pounds ( )
			.....	National government bond certificates Municipal bond certificates Special bond certificates Corporate bond certificates	Thousand..... ( )

(Note 1) The amount is the price for delivery (excluding accrued interest).

(Note 2) Figures in ( ) indicate the decrease due to reimbursement and are not included in the figures in the upper part.

(Note 3) Corporate bonds do not include corporate bonds with stock options (convertible bonds).

F. Investment Trust Beneficiary Certificates, Investment Securities

Fund with an accounting period of less than 6 months
--

Settlement Period		__th Period to __th Period		
		Number of Units	Purchase Price	Sell Price
Domestic		Thousand units	Thousands of yen ( )	Thousands of yen ( )
Foreign	U.S.A.		Thousands of USD	Thousands of USD ( )
	U.K.		Thousand pounds	Thousand pounds ( )
	.....		Thousand.....	Thousand..... ( )

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate the decrease due to reimbursement and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more
---

		Number of Units	Purchase Price	Number of Units	Sell Price
Domestic		Thousand units	Thousands of yen ( )	Thousand units	Thousands of yen ( )
Foreign	U.S.A.		Thousands of USD		Thousands of USD ( )
	U.K.		Thousand pounds		Thousand pounds ( )
	.....		Thousand.....		Thousand..... ( )

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate the decrease due to reimbursement and are not included in the figures in the upper part.



G. Investment Equity Subscription Right Certificates

Fund with an accounting period of less than 6 months
--

Settlement Period		__th Period to __th Period			
		Purchased		Sold	
		Number of Certificates	Amount	Number of Certificates	Amount
Domestic				( )	( )
Foreign	U.S.A.				
	U.K.				
	• • • •				

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

Funds with an accounting period of 6 months or more
---

Settlement Period		__th Period to __th Period			
		Purchased		Sold	
		Number of Certificates	Amount	Number of Certificates	Amount
Domestic				( )	( )
Foreign	U.S.A.				
	U.K.				
	• • • •				

(Note 1) The amount is the price for delivery.

(Note 2) Figures in ( ) indicate increases or decreases due to exercise of rights and expiration of exercise period, and are not included in the figures in the upper part.

H. Other Securities

Fund with an accounting period of less than 6 months
--

Settlement Period		__th Period to __th Period	
		Purchase Price	Sell Price
Domestic	Commercial papers	Thousands of yen	Thousands of yen
	Beneficial interest of monetary claims trust		
Foreign	U.S.A. Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousands of USD	Thousands of USD
	U.K. Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousand pounds	Thousand pounds
	- - - - Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousand.....	Thousand.....

(Note) The amounts are prices for delivery.

Funds with an accounting period of 6 months or more

		Purchase Price	Sell Price
Domestic	Commercial papers	Thousands of yen	Thousands of yen
	Beneficial interest of monetary claims trust		
Foreign	U.S.A. Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousands of USD	Thousands of USD
	U.K. Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousand pounds	Thousand pounds
	— Negotiable certificates of deposits Commercial papers Loan trust beneficiary securities Beneficial interest of monetary claims trust	Thousand.....	Thousand.....

(Note) The amounts are prices for delivery.

I Monetary Claims

Fund with an accounting period of less than 6 months

Settlement Period		__th Period to __th Period	
		Type	Sell Price
Domestic			Thousands of yen
Foreign	U.S.A.		Thousands of USD
	U.K.		Thousand pounds
	.....		Thousand.....

Funds with an accounting period of 6 months or more

		Type	Purchase Price	Sell Price
Domestic			Thousands of yen	Thousands of yen
Foreign	U.S.A.		Thousands of USD	Thousands of USD
	U.K.		Thousand pounds	Thousand pounds
	.....		Thousand.....	Thousand.....

J. Promissory Notes

Fund with an accounting period of less than 6 months

Settlement Period		__th Period to __th Period	
		Purchase Price	Sell Price
Domestic		Thousands of yen	Thousands of yen
Foreign	U.S.A.	Thousands of USD	Thousands of USD
	U.K.	Thousand pounds	Thousand pounds
	.....	Thousand.....	Thousand.....

Funds with an accounting period of 6 months or more

		Purchase Price	Sell Price
Domestic		Thousands of yen	Thousands of yen
Foreign	U.S.A.	Thousands of USD	Thousands of USD
	U.K.	Thousand pounds	Thousand pounds
	.....	Thousand.....	Thousand.....

K. Instruments

Fund with an accounting period of less than 6 months
--

○ Trading in the Past 6 Months (From MM/DD/YYYY to MM/DD/YYYY)

Settlement Period		__th Period to __th Period			
By Type		Purchased		Sold	
		Quantity	Amount	Quantity	Amount
Japanese Currency	Gold		Thousands of yen		Thousands of yen
	Azuki beans				
	⋮				
Foreign Currency	U.S.A.	Gold	Thousands of USD		Thousands of USD
		Azuki			
		⋮			
	U.K.	Gold	Thousand pounds		Thousand pounds
		Azuki			
		⋮			
	⋮	⋮	Thousand ...		Thousand ...
		⋮			
		⋮			

(Note1) The amounts are prices for delivery.

(Note2) Quantity shall be indicated on a voluntary basis.

Funds with an accounting period of 6 months or more
---

○ Trading Status during the Fiscal Period (From MM/DD/YYYY to MM/DD/YYYY)

By Type		Purchased		Sold	
		Quantity	Amount	Quantity	Amount
Japanese Currency	Gold		Thousands of yen		Thousands of yen
	Azuki beans				
	⋮				
Foreign Currency	U.S.A.	Gold	Thousands of USD		Thousands of USD
		Azuki			
		⋮			
	U.K.	Gold	Thousand pounds		Thousand pounds
		Azuki			
		⋮			
	⋮	⋮	Thousand ...		Thousand ...
		⋮			
		⋮			

(Note1) The amounts are prices for delivery.

(Note2) Quantity shall be indicated on a voluntary basis.

L. Trading Status of Futures by Type

Fund with an accounting period of less than 6 months
--

Settlement Period		__th Period to __th Period			
By Type		Buy contracts		Sell contracts	
		New purchase price	Settlement price	New sell price	Settlement price
Domestic	Stock futures transactions	Millions of yen	Millions of yen	Millions of yen	Millions of yen
	Bond futures transactions				
	Instrument futures transactions				
	⋮				
Foreign	Stock futures transactions				
	Bond futures transactions				
	Instrument futures transactions				
	⋮				

(Note) The amounts are prices for delivery.

Funds with an accounting period of 6 months or more
---

By Type		Buy contracts		Sell contracts	
		New purchase price	Settlement price	New sell price	Settlement price
Domestic	Stock futures transactions	Millions of yen	Millions of yen	Millions of yen	Millions of yen
	Bond futures transactions				
	Instrument futures transactions				
	⋮				
Foreign	Stock futures transactions				
	Bond futures transactions				
	Instrument futures transactions				
	⋮				

(Note) The amounts are prices for delivery.

M. Trading Status of Options by Type

Fund with an accounting period of less than 6 months

Settlement Period		__th Period to __th Period								
By Type	By call/put	Buy contracts				Sell contracts				Expiration of obligation
		New purchase price	Settlement price	Exercise of rights	Waiver of rights	New sell price	Settlement price	Exercise of rights		
Domestic	Stock index option transaction	Call Put	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
	Individual stock option transaction	Call Put								
	Bond option transaction	Call Put								
	Interest rate	Call Put								
	Currency	Call Put								
	Instrument index option transaction	Call Put								
	:	Call Put								
Foreign	Stock index option transaction	Call Put								
	Individual stock option transaction	Call Put								
	Bond option transaction	Call Put								
	Interest rate	Call Put								
	Currency	Call Put								
	Instrument index option transaction	Call Put								
	:	Call Put								

(Note) The amounts are prices for delivery.

Funds with an accounting period of 6 months or more

By Type	By call/put	Buy contracts				Sell contracts			
		New purchase price	Settlement price	Exercise of rights	Waiver of rights	New sell price	Settlement price	Exercise of rights	Expiration of obligation
Domestic	Stock index option transaction	Call Put	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
	Individual stock option transaction	Call Put							
	Bond option transaction	Call Put							
	Interest rate	Call Put							
	Currency	Call Put							
	Instrument index option transaction	Call Put							
	⋮	Call Put							
Foreign	Stock index option transaction	Call Put							
	Individual stock option transaction	Call Put							
	Bond option transaction	Call Put							
	Interest rate	Call Put							
	Currency	Call Put							
	Instrument index option transaction	Call Put							
	⋮	Call Put							

(Note) The amounts are prices for delivery.



N. Transaction Status of Swaps and Forwards

Fund with an accounting period of less than 6 months
--

○ Contract Prices for Swaps and Forward Transaction

Type	__th Period to __th Period
	Contract Price
Interest rate	Millions of yen
Currency	
Forward rate	
Forward currency	
Forward instrument	
...	

(Note) The amounts are prices for delivery.

Funds with an accounting period of 6 months or more
---

Type	Current Period
	Contract Price
Interest rate	Millions of yen
Currency	
Forward rate	
Forward currency	
Forward instrument	
...	

(Note) The amounts are prices for delivery.

(b) Indirect investment funds

Fund with an accounting period of less than 6 months

- Inception and Early Cancellation of Mother Fund Beneficiary Securities  
(From MM/DD/YYYY to MM/DD/YYYY)

Settlement Period	__th Period to __th Period			
	Inception		Early Cancellation	
	Units	Amount	Units	Amount
__ Mother	Thousand units	Thousands of yen	Thousand units	Thousands of yen
__ Mother				
__ Mother				

Funds with an accounting period of 6 months or more

- Inception and Early Cancellation of Mother Fund Beneficiary Securities  
(From MM/DD/YYYY to MM/DD/YYYY)

	Inception		Early Cancellation	
	Units	Amount	Units	Amount
	Thousand units	Thousands of yen	Thousand units	Thousands of yen
__ Mother				
__ Mother				
__ Mother				

## B. Labeling Considerations

Funds with an accounting period of less than 6 months will be shown by totaling the trading status for the past 6 months before the end of the preparation period of the investment report. However, such information may be indicated for each settlement period.

### (a) Direct investment funds

(i) The table to be displayed shall be categorized by assets, and displayed in the order of: shares, stock options certificates, option certificates, corporate bonds with stock options (convertible bonds), public and corporate bonds, investment trust beneficiary certificates and investment securities, investment equity subscription right certificates, other securities, monetary claims, promissory notes, instruments, futures, options, swaps and forward transactions.

(ii) Indicate each separately for domestic and foreign countries.

(iii) For assets not applicable, omit the table and incrementally increase the number in ( ).

(iv) The amount denominated in foreign currencies that is converted into Japanese yen shall be calculated in the following manner:

The trade amount during the period is the total amount of Japanese currency converted at the median rate as of the end of each month (or as of the closing date for the month to which the closing date belongs).

(v) H Other Securities shall be indicated on a voluntary basis and may be omitted.

(vi) Quantity of K Instruments shall be indicated on a voluntary basis and may be omitted.

(vii) L Trading Status of Futures by Type and M Trading Status of Options by Type may be omitted in the case of funds that actively use derivatives when (6) Trading Status of Derivatives is presented separately.

(viii) Investment trust beneficiary certificates and investment securities shall be indicated by issue.

### (b) Indirect investment funds

In the event that the baby fund has directly incorporated therein, indication of (a) direct investment fund shall be applied mutatis mutandis, and thereafter the establish and early cancellation of the mother fund beneficiary certificates for each issue shall be indicated.

(7) Trading Status of Derivatives

(Funds that actively utilize derivatives)

A. Form Examples

A. Futures Transactions and Balances by Issue

Fund with an accounting period of less than 6 months

Settlement Period			__th Period to __th Period						
By Issue			Buy contracts		Sell contracts		Appraised value at the end of preparation period		
			New purchase price	Settlement price	New sell price	Settlement price	Buy contract amount	Sell contract amount	Valuation profit or loss
	Shares	Nikkei 225	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
				Nikkei 300					
		:							
Domestic	Bonds	:							
	Instruments	:							
	:	:							
Foreign	Shares	S&P 500							
		:							
		:							
	Bonds	:							
	Instruments	:							
	:	:							

Funds with an accounting period of 6 months or more

By Issue			Buy contracts		Sell contracts		Appraised value at the end of the period			
			New purchase price	Settlement price	New sell price	Settlement price	Buy contract amount	Sell contract amount	Valuation profit or loss	
Domestic	Shares	Nikkei 225	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
		Nikkei 300								
		:								
	Bonds	:								
	Instruments	:								
	:	:								
	Foreign	Shares	S&P 500							
			:							
:										
Bonds		:								
Instruments		:								
:		:								

B. Options Transactions and Balances by Issue

Fund with an accounting period of less than 6 months

Settlement Period			__th Period to __th Period											
By Issue			By call/put	Buy contracts				Sell contracts				Appraised value at the end of preparation period		
				New purchase price	Settlement price	Exercise of rights	Waiver of rights	New sell price	Settlement price	Exercise of rights	Expiration of obligation	Buy contract amount	Sell contract amount	Valuation profit or loss
		Nikkei 225	Call	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
			Put											
Domestic	Shares	Nikkei 300												
		Individual share												
		∴												
	Bonds	∴												
	Instruments	∴												
	...	∴												
	Foreign	Shares	S&P 500	Call										
			Put											
Individual share														
∴														
Bonds		∴												
Instruments		∴												
...		∴												

Funds with an accounting period of 6 months or more

By Issue			By call/put	Buy contracts				Sell contracts				Appraised value at the end of preparation period				
				New purchase price	Settlement price	Exercise of rights	Waiver of rights	New sell price	Settlement price	Exercise of rights	Expiration of obligation	Buy contract amount	Sell contract amount	Valuation profit or loss		
Domestic	Shares	Nikkei 225	Call	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
		Nikkei 300	Put													
			Individual share													
	Bonds	∴														
	Instruments	∴														
	...	∴														
	Foreign	Shares	S&P 500	Call												
			Individual share	Put												
		Bonds	∴													
Instruments		∴														
...	∴															

## B. Labeling Considerations

- (a) Each item shall be indicated separately for domestic and foreign countries.
- (b) Amounts denominated in foreign currencies that are converted into Japanese yen shall be calculated in the following manner:

The trade amount during the period is the total amount of Japanese currency converted at the median rate as of the end of each month (or as of the closing date for the month to which the closing date belongs).

- (c) Individual stock options may be disclosed either by issue or by total amount.  
However, in the case of disclosure by total amount, (w) Period-end balance of individual stock options by issue in (13) Description of Incorporated Assets shall be applied correspondingly.
- (d) For funds whose accounting period is less than 6 months, the amount of transactions during the past 6 months before the end of preparation period of the investment report and the transactions balance at the end of the preparation period shall be indicated. However, such information may be indicated for each settlement period.

## (8) Share Trading Ratio

### A. Form Examples

#### (a) Direct investment funds

Fund with an accounting period of less than 6 months
--

#### ○ Ratio of Share Trading Amount to Average Market Value of Incorporated Share

Item	__th Period to __th Period
(a) Amount of shares traded during the period	Thousands of yen
(b) Average market value of incorporated shares during the period	
(c) Trading volume ratio (a)/(b)	

Funds with an accounting period of 6 months or more
---

#### ○ Ratio of Share Trading Amount to Average Market Value of Incorporated Share

Item	Current Period
(a) Amount of shares traded during the period	Thousands of yen
(b) Average market value of incorporated shares during the period	
(c) Trading volume ratio (a)/(b)	



(b) Indirect investment funds

Fund with an accounting period of less than 6 months

○ Ratio of Share Trading Amount to Average Market Value of Incorporated Share

Item	__th Period to __th Period	
	Baby Fund	Mother Fund
(a) Amount of shares traded during the period	Thousands of yen	Thousands of yen
(b) Average market value of incorporated shares during the period		
(c) Trading volume ratio (a)/(b)		

Funds with an accounting period of 6 months or more

○ Ratio of Share Trading Amount to Average Market Value of Incorporated Share

Item	Current Period	
	Baby Fund	Mother Fund
(a) Amount of shares traded during the period	Thousands of yen	Thousands of yen
(b) Average market value of incorporated shares during the period		
(c) Trading volume ratio (a)/(b)		

B. Labeling Considerations

- (a) The trading volume ratio is rounded down to 2nd decimal places.
- (b) The amount of shares traded during the period shall not include any capital increase or dividend shares. The unit is thousands of yen. (Amounts less than 1 unit omitted)
- (c) The average market value of incorporated shares during the period shall be the simple average excluding the number of months with no balance at the end of the month. The unit is thousands of yen. (Amounts less than 1 unit omitted)
- (d) Foreign currency-denominated shares shall be converted into Japanese yen in the following manner:
  - The amount of share trading during the period is the total amount of Japanese currency converted at the medium price as of the end of each month (or as of the closing date for the month to which the closing date belongs).
  - The average market value of incorporated shares during the period is the total amount of Japanese currency converted at the median rate as of the end of each month.
- (e) In the case of an indirect investment fund:

The share trading ratio of the baby funds and each such mother fund shall be indicated. The accounting period (\*) shall be the accounting period (\*) of the baby fund.

If the current date as of presentation of the incorporated securities is the end of the month



Funds with an accounting period of 6 months or more

○ Major Issues Traded During the Period

Current Period							
Purchased				Sold			
Issue	Number of Shares	Amount	Average unit price	Issue	Number of Shares	Amount	Average unit price
	Thousand shares	Thousands of yen	Yen		Thousand shares	Thousands of yen	Yen

B. Corporate Bonds with Stock Options (Convertible Bonds)

Fund with an accounting period of less than 6 months

__th Period				__th Period			
Purchased		Sold		Purchased		Sold	
Issue	Amount	Issue	Amount	Issue	Amount	Issue	Amount
	Thousands of yen		Thousands of yen		Thousands of yen		Thousands of yen

Funds with an accounting period of 6 months or more

Purchased		Sold	
Issue	Amount	Issue	Amount
	Thousands of yen		Thousands of yen

**B. Labeling Considerations**

- (a) Price for delivery of the top 10 or so issues (domestic and foreign brands may be included) shall be indicated.
- (b) Those denominated in foreign currencies shall be indicated on a yen basis.
- (c) Major investment targets shall be classified by incorporated securities, and the order of presentation shall be in the order of shares, stock options certificates, option certificates, corporate bonds with stock options (convertible bonds), and public and corporate bonds. The form for public and corporate bonds shall be the same as that of corporate bonds with stock options (convertible bonds), and tables for those not applicable thereto may be omitted.
- (d) For funds whose accounting period is less than 6 months, major issues traded during the past 6 months before the end of the preparation period for the investment report shall be indicated for each settlement period. However, such information may be totaled and indicated for each issue during the preparation period.
- (e) Major issues traded shall be subject to voluntary indication and may be omitted.

(10) Status of Transactions with Interested Parties

A. Form Examples

(a) Direct investment funds

A. Status of Transactions with Interested Parties

Fund with an accounting period of less than 6 months
--

○ Status of Transactions with Interested Parties in the Past 6 Months

Settlement Period	__th Period to __th Period					
	Purchase amount, etc. A	Status of trading with interested parties B	B/A	Sales amount, etc. C	Status of trading with interested parties D	D/C
Category	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Shares						
Stock options certificates						
Option certificates, etc.						
Public and corporate bonds						
Corporate bonds with stock options (convertible bonds)						
Corporate bonds with stock options (corporate bonds with stock subscription warrants)						
Other securities						
.....						
Stock futures transactions						
Stock option transactions						
Bond futures transactions						
Bond option transactions						
Other futures transactions						
Other option transactions						
.....						
Deposits						
Negotiable certificates of deposit						
Monetary trusts						
Others						
Repurchase agreements (public and corporate bonds)						
Repurchase agreements (other securities)						
Repurchase agreements (negotiable certificates of deposit)						
Monetary claims						
Promissory notes						
Beneficial interests						
Silent partnership equity						
Trusts issuing beneficiary certificates						
.....						

Funds with an accounting period of 6 months or more

○ Status of Transactions with Interested Parties During the Current Period

Category	Current Period					
	Purchase amount, etc.	Status of trading with interested parties B	B/A	Sales amount, etc.	Status of trading with interested parties D	D/C
	A			C		
Shares	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Stock options certificates						
Option certificates, etc.						
Public and corporate bonds						
Corporate bonds with stock options (convertible bonds)						
Corporate bonds with stock options (corporate bonds with stock subscription warrants)						
Other securities						
.....						
Stock futures transactions						
Stock option transactions						
Bond futures transactions						
Bond option transactions						
Other futures transactions						
Other option transactions						
.....						
Deposits						
Negotiable certificates of deposit						
Monetary trusts						
Others						
Repurchase agreements (public and corporate bonds)						
Repurchase agreements (other securities)						
Repurchase agreements (negotiable certificates of deposit)						
Monetary claims						
Promissory notes						
Beneficial interests						
Silent partnership equity						
Trusts issuing beneficiary certificates						
.....						

B. Securities Issued by Interested Parties

Fund with an accounting period of less than 6 months

Type	__th Period to __th Period		
	Purchase Price	Sell Price	Amount held at the end of the preparation period
Shares	Millions of yen	Millions of yen	Millions of yen
Stock options certificates			
Option certificates, etc.			
Corporate bonds with stock options (convertible bonds)			
:			

Funds with an accounting period of 6 months or more

Type	Current Period		
	Purchase Price	Sell Price	Amount held at the end of the preparation period
Shares	Millions of yen	Millions of yen	Millions of yen
Stock options certificates			
Option certificates, etc.			
Corporate bonds with stock options (convertible bonds)			
:			

C. Securities Issued with the Financial Instruments Business Operator, Which is an Interested Party, Acting as the Managing Underwriter

D. Securities Issued for Which the Financial Instruments Business Operator or Financial Institution That is an Interested Party Becomes the Representative Handling the Private Placement

Fund with an accounting period of less than 6 months

Type	__th Period to __th Period	
	Purchase amount	
Shares	Millions of yen	
Stock options certificates		
Option certificates, etc.		
Corporate bonds with stock options (convertible bonds)		
:		

Funds with an accounting period of 6 months or more

Type	Current Period
	Purchase amount
Shares	Millions of yen
Stock options certificates	
Option certificates, etc.	
Corporate bonds with stock options (convertible bonds)	
:	

E. Ratio of Payment to Interested Parties to Total Trading Commissions

Fund with an accounting period of less than 6 months

○ Ratio of Payments to Interested Parties in the Past 6 Months

Item	__th Period to __th Period
Total trading commissions (A)	Thousands of yen
Of which, payments to interested parties (B)	
(B)/(A)	%

Funds with an accounting period of 6 months or more

○ Ratio of Payments to Interested Parties During the Current Period

Item	Current Period
Total trading commissions (A)	Thousands of yen
Of which, payments to interested parties (B)	
(B)/(A)	%

(b) Indirect investment funds

The form shall conform to that of a direct investment fund.

B. Labeling Considerations

(a) The amount shall be indicated as the price for delivery.

(b) Interested parties shall be noted in the margin as follows:

“An interested party is an interested party as defined in Article 11, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, and an interested party for the fund for the period under review is ○○○○, ○○○○.....”

(c) From “A. Status of Transactions with Interested Parties” to “E. Ratio of Payment to Interested Parties to Total Trading Commissions” shall apply correspondingly to funds of funds.

(d) In the case of an indirect investment fund, such amount shall be indicated by securities in the



order of baby fund (if directly incorporated) and each mother fund.

For A, the corresponding period (accounting period for a baby fund or each accounting period for a fund whose accounting period is less than 6 months) is clearly noted, with the average holding ratio indicated in the margin as follows:

“Average holding ratio 〇.〇%”

\* The average holding ratio is the ratio of the number of units held by the mother fund of the baby fund to the total number of remaining units of the mother fund. ”

In addition, E is noted as follows:

“Total trading commissions include, of the amount paid by the mother fund incorporated to this fund, the amount corresponding to the fund.”

- (e) Omitted where not applicable.
- (f) The method of conversion of foreign currencies into Japanese yen shall be as follows:  
The trade amount during the period is the total amount of Japanese currency converted at the median rate as of the end of each month (or as of the closing date for the month to which the closing date belongs).
- (g) Securities issued by an interested party include negotiable certificates of deposit.
- (h) With regard to C and D, the amount of acquisition thereof shall be indicated in cases where C or D is actually acquired through application for acquisition by the issue date thereof and where C or D is acquired within 30 days after the issue date thereof.
- (i) For funds whose accounting period is less than 6 months, the status of transaction with interested parties during the past 6 months before the end of preparation of the investment report shall be indicated in the aggregate. However, such information may also be presented for each settlement period during the preparation period.
- (j) Regarding the share columns for A, B and C, listed or registered shares and unlisted or unregistered shares may be separately indicated.

(11) Status of Proprietary Tradings Conducted by the Management Company Which Concurrently Operates a Type I Financial Instruments Business, a Type II Financial Instruments Business, or an Instrument Transactions Brokerage Business

A. Form Examples

Fund with an accounting period of less than 6 months

Settlement Period	__th Period to __th Period					
Category	Purchased			Sold		
	Purchase Price (A)	Of which, status of proprietary trading (B)	(B)/(A)	Sell Price (C)	Of which, status of proprietary trading (D)	(D)/(C)
	Millions of yen	Millions of yen	(%)	Millions of yen	Millions of yen	(%)
Securities						
Securities futures transactions						
Securities index futures transactions						
Securities option transactions						
Securities forward transactions						
Over-the-counter securities index forward transactions						
Over-the-counter securities option transactions						
Financial futures transactions						
Over-the-counter financial futures transactions						
Instruments						
Instrument futures transactions						
Instrument index futures transactions						
Instrument index option transactions						
:						
Transactions in foreign markets similar to the above						

Funds with an accounting period of 6 months or more

Category	Current Period					
	Purchased			Sold		
	Purchase Price (A)	Of which, status of proprietary trading (B)	(B)/(A)	Sell Price (C)	Of which, status of proprietary trading (D)	(D)/(C)
Millions of yen	Millions of yen	(%)	Millions of yen	Millions of yen	(%)	
Securities						
Securities futures transactions						
Securities index futures transactions						
Securities option transactions						
Securities forward transactions						
Over-the-counter securities index forward transactions						
Over-the-counter securities option transactions						
Financial futures transactions						
Over-the-counter financial futures transactions						
Instruments						
Instrument futures transactions						
Instrument index futures transactions						
Instrument index option transactions						
:						
Transactions in foreign markets similar to the above						

#### B. Labeling Considerations

- (a) The total amount of trading commissions paid to the investment trust management company shall be noted in the margin.
- (b) For swaps and forward transactions, the amount of the transaction and the ratio to the total amount shall be noted in the margin.
- (c) For funds whose accounting period is less than 6 months, the status of proprietary trading during the past 6 months before the end of the investment report preparation period shall be indicated in total. However, such information may also be presented for each settlement period during the preparation period.
- (d) It is not necessary to indicate categories in which proprietary trading is not conducted.

(12) Status of Self-Acquisition and Disposition of the Beneficiary Certificates of Investment Trusts the Management Company Itself Established or Investment Securities of an Investment Corporation

A. Indication Examples

○ Status of In-house Establishment and Early Cancellation of This Fund

Beginning balance (principal)	Principal established for the period	Principal cancelled early during the period	Balance at end of period (principal)	Reason for transaction
Millions of yen	Millions of yen	Millions of yen	Millions of yen	

B. Labeling Considerations

- (a) The reasons for transactions shall be indicated separately for the matters set forth in each item of Article 6-2, Paragraph 1 of the Rules on Full Members' Business Operations, etc.
- (b) For funds whose accounting period is less than 6 months, the balance at the beginning and the end of the preparation period of the investment report and the amount of establishment and early cancellation during the preparation period shall be presented in the same manner as the example.

(13) Description of Incorporated Assets

A. Form Examples

(a) Domestic shares

A. Listed Shares

Fund with an accounting period of less than 6 months
--

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period	
	Number of Shares	Number of shares	Appraised value
___ industry (##, #%) Issue ... Issue ___ industry (##, #%) Issue ... Issue	Thousand shares	Thousand shares	Thousands of yen
Total	Number of shares, amount		
	Number of issues <percentage>		< %>

(Note 1) Figures in ( ) in the issue column indicate the ratio of each type of industry to the total appraised value of domestic shares.

(Note 2) Figures in < > in the total column indicate the ratio of the appraised value to the total amount of net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period	
	Number of Shares	Number of shares	Appraised value
___ industry (##, #%) Issue ... Issue ___ industry (##, #%) Issue ... Issue	Thousand shares	Thousand shares	Thousands of yen
Total	Number of shares, amount		
	Number of issues <percentage>		< %>

(Note 1) Figures in ( ) in the issue column indicate the ratio of each type of industry to the total appraised value of domestic shares.

(Note 2) Figures in < > in the total column indicate the ratio of the appraised value to the total amount of net assets.

B. Unlisted Shares

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period	
	Number of Shares	Number of shares	Appraised value
___ industry (##, #%) ○○ issue ... ○○ issue	Thousand shares	Thousand shares	Thousands of yen
Total	Number of shares, amount		
	Number of issues <percentage>		< %>

(Note 1) Figures in ( ) in the issue column indicate the ratio of each type of industry to the total appraised value of domestic shares.

(Note 2) Figures in < > in the total column indicate the ratio of the appraised value to the total amount of net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period	
	Number of Shares	Number of shares	Appraised value
___ industry (##, #%) ○○ issue ... ○○ issue	Thousand shares	Thousand shares	Thousands of yen
Total	Number of shares, amount		
	Number of issues <percentage>		< %>

(Note 1) Figures in ( ) in the issue column indicate the ratio of each type of industry to the total appraised value of domestic shares.

(Note 2) Figures in < > in the total column indicate the ratio of the appraised value to the total amount of net assets.

(b) Foreign Shares

A. Listed, Registered Shares

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period			Industry
	Number of Shares	Number of Shares	Appraised Value		
			Amount denominate d in foreign currency	Amount in Japanese yen	
(U.S.A. ....New York market) Issue ... Issue	Hundred shares	Hundred shares	Thousands of USD	Thousands of yen	
Sub total	Number of shares, amount				
	Number of issues <percentage>		-	< %>	
(U.K. ....London market) Issue ... ... Issue			Thousand pounds		
Sub total	Number of shares, amount				
	Number of issues <percentage>		-	< %>	
Total	Number of shares, amount		-		
	Number of issues <percentage>		-	< %>	

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value of share from each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Period			Industry
	Number of Shares	Number of Shares	Appraised Value		
			Amount denominated in foreign currency	Amount in Japanese yen	
(U.S.A. ....New York market) Issue ... Issue	Hundred shares	Hundred shares	Thousands of USD	Thousands of yen	
Sub total	Number of shares, amount				
	Number of issues <percentage>		—	< %>	
(U.K. ....London market) Issue ... Issue			Thousand pounds	Thousands of yen	
Sub total	Number of shares, amount				
	Number of issues <percentage>		—	< %>	
Total	Number of shares, amount		—		
	Number of issues <percentage>		—	< %>	

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value of share from each country to total net assets.



B. Unlisted, Unregistered Share

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the ___th Preparation Period	End of the ___th Preparation Period		
	Number of Shares	Number of Shares	Appraised Value	
			Amount denominated in foreign currency	Amount in Japanese yen
(U.S.A.) Issue ... Issue	Hundred shares	Hundred shares	Thousands of USD	Thousands of yen
Sub total	Number of shares, amount ----- Number of issues <percentage>		—	< %>
○ Issue ... Issue				
Sub total	Number of shares, amount ----- Number of issues <percentage>		—	< %>
Total	Number of shares, amount ----- Number of issues <percentage>		—	< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value of share from each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Period		
	Number of Shares	Number of Shares	Appraised Value	
			Amount denominated in foreign currency	Amount in Japanese yen
(U.S.A.) Issue ... Issue	Hundred shares	Hundred shares	Thousands of USD	Thousands of yen
Sub total	Number of shares, amount Number of issues <percentage>		—	< %>
○○ Issue ... Issue				
Sub total	Number of shares, amount Number of issues <percentage>		—	< %>
Total	Number of shares, amount Number of issues <percentage>		—	< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value of share from each country to total net assets.

(c) Domestic Stock Options Certificates

Fund with an accounting period of less than 6 months
--

○ Statement of Incorporated Securities

Issue		End of the __th Preparation Period	End of the __th Preparation Period	
		Number of Certificates	Number of Certificates	Appraised value
○○ issue ... ○○ issue		Certificates	Certificates	Thousands of yen
Total	Number of certificates, amount			
	Number of issues <percentage>			< %>

(Note) Figures in < > in the total column indicate the ratio of appraised value to total net assets.

Funds with an accounting period of 6 months or more
---

○ Statement of Incorporated Securities

Issue		Beginning of Period (End of previous period)	End of Current Period	
		Number of Certificates	Number of Certificates	Appraised value
○○ issue ... ○○ issue		Certificates	Certificates	Thousands of yen
Total	Number of certificates, amount			
	Number of issues <percentage>			< %>

(Note) Figures in < > in the total column indicate the ratio of appraised value to total net assets.

(d) Foreign Stock Options Certificates

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period			
	Number of Certificates	Number of Certificates	Appraised Value		
			Amount denominated in foreign currency	Amount in Japanese yen	
	Certificates	Certificates	Thousands of USD	Thousands of yen	
(U.S.A.) Issue ... ... Issue					
Sub total	Number of certificates, amount				
	Number of issues <percentage>		-	< %>	
(U.K.) Issue ... ... Issue			Thousand pounds		
Sub total	Number of certificates, amount				
	Number of issues <percentage>		-	< %>	
Total	Number of certificates, amount		-		
	Number of issues <percentage>		-	< %>	

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value by each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period			
		Number of Certificates	Number of Certificates	Appraised Value	
				Amount denominated in foreign	Amount in Japanese yen
	Certificates	Certificates	Thousands of USD	Thousands of yen	
(U.S.A.) Issue ... Issue					
Sub total	Number of certificates, amount				
	Number of issues <percentage>		—	< %>	
(U.K.) Issue ... Issue			Thousand pounds		
Sub total	Number of certificates, amount				
	Number of issues <percentage>		—	< %>	
Total	Number of certificates, amount		—		
	Number of issues <percentage>		—	< %>	

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value by each country to total net assets.

(e) Domestic Option Certificates

Fund with an accounting period of less than 6 months
--

○ Statement of Incorporated Securities

Issue		End of the __th Preparation Period	End of the __th Preparation Period	
		Number of Certificates	Number of Certificates	Appraised value
○○ issue ... ○○ issue		Certificates	Certificates	Thousands of yen
Total	Number of certificates, amount			
	Number of issues <percentage>			< %>

(Note) Figures in < > in the total column indicate the ratio of appraised value to total net assets.

Funds with an accounting period of 6 months or more
---

○ Statement of Incorporated Securities

Issue		Beginning of Period (End of previous period)	End of Current Period	
		Number of Certificates	Number of Certificates	Appraised value
○○ issue ... ○○ issue		Certificates	Certificates	Thousands of yen
Total	Number of certificates, amount			
	Number of issues <percentage>			< %>

(Note) Figures in < > in the total column indicate the ratio of appraised value to total net assets.

## (f) Foreign Option Certificates

Fund with an accounting period of less than 6 months

## ○ Statement of Incorporated Securities

Issue	End of the ___th Preparation Period	End of the ___th Preparation Period			
	Number of Certificates	Number of Certificates	Appraised Value		
			Amount denominated in foreign currency	Amount in Japanese yen	
(U.S.A.) Issue ... Issue	Certificates	Certificates	Thousands of USD	Thousands of yen	
Sub total	Number of certificates, amount				
	Number of issues <percentage>		—	< %>	
(U.K.) Issue ... Issue			Thousand pounds		
Sub total	Number of certificates, amount				
	Number of issues <percentage>		—	< %>	
Total	Number of certificates, amount		—		
	Number of issues <percentage>		—	< %>	

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value by each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period		
		Number of Certificates	Number of Certificates	Appraised Value
				Amount denominated in foreign currency
(U.S.A.) Issue ... Issue	Certificates	Certificates	Thousands of USD	Thousands of yen
Sub total	Number of certificates, amount			
	Number of issues <percentage>		-	< %>
(U.K.) Issue ... Issue			Thousand pounds	
Sub total	Number of certificates, amount			
	Number of issues <percentage>		-	< %>
Total	Number of certificates, amount		-	
	Number of issues <percentage>		-	< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value by each country to total net assets.

(g) Domestic Corporate Bonds with Stock Options (Convertible Bonds)

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	
	Face Value	Appraised Value
Issue ... Issue	Thousands of yen	Thousands of yen
Total	Amount	
	Number of issues <percentage>	< %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.



(h) Foreign Corporate Bonds with Stock Options (Convertible Bonds)

○ Statement of Incorporated Securities

Issue		End of the ___th Preparation Period		
		Face Value	Appraised Value	
			In Foreign Currency	Amount in Japanese yen
(U.S.A.)		Thousands of USD	Thousands of USD	Thousands of yen
Issue				
...				
Issue				
total	Sub	Amount		
		Number of issues <percentage>		< %>
(U.K.)		Thousand pounds	Thousand pounds	Thousands of yen
Issue				
...				
Issue				
total	Sub	Amount		
		Number of issues <percentage>		< %>
Total		Amount		
		Number of issues <percentage>		< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the appraised value to total net assets.

(i) Public and Corporate Bonds

A. Disclosures by Bond Type

(A) Domestic (denominated in Japanese currency) Public and Corporate Bonds

○ Statement of Incorporated Securities

Preparation Period	End of the ___th Preparation Period							
	Category	Face Value	Appraised value	Ratio of incorporation	Of which, ratio of incorporation of BB rating or below	Ratio of incorporation by remaining periods		
						5 years or more	2 years or more	Less than 2 years
	National government bond certificates	Thousands of yen	Thousands of yen	%	%	%	%	%
	Municipal bond							
	Special bond (Excluding financial bonds)							
	Financial bonds							
	Corporate bonds with stock options (convertible bonds)							
	Straight bonds							
	Total							

(Note) The incorporation ratio is the ratio of the appraised value to total net assets. (However, the total asset amount may also be used for open type public and corporate bond investment trusts.)

(B) Foreign Public and Corporate Bonds (Denominated in Foreign Currency)

○ Statement of Incorporated Securities

Preparation Period	End of the __th Preparation Period							
	Category	Face Value	Appraised Value		Ratio of incorporation	Of which, ratio of incorporation of BB rating or below	Ratio of incorporation by remaining periods	
Amount denominated in foreign currency			Amount in Japanese yen	5 years or more			2 years or more	Less than 2 years
U.S.A.	Thousand USD	Thousand USD	Thousands of yen	%	%	%	%	%
U.K.	Thousand pounds	Thousand pounds						
...								
Total	—	—						

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) Ratio of incorporation is the ratio of the appraised value to total net assets (however, the total amount of assets may also be used for open type public and corporate bond investment trusts).

B. Individual Issue Disclosure (Denominated in Japanese and Foreign Currencies)

(A) Domestic (denominated in Japanese currency) Public and Corporate Bonds

○ Statement of Incorporated Securities

Preparation Period	End of the __th Preparation Period				
	Issue	Rate	Face Value	Appraised Value	Redemption Date
(National government bonds)			Thousands of yen	Thousands of yen	
-					
Sub total	—				—
(Municipal bonds)			Thousands of yen	Thousands of yen	
-					
Sub total	—				—
( . . . )			Thousands of yen	Thousands of yen	
-					
Sub total	—				—
Total	—				—

(B) Foreign (Denominated in Foreign Currency) Public and Corporate Bonds

○ Statement of Incorporated Securities

Preparation Period	End of the __th Preparation Period					
	Issue	Type	Rate	Face Value	Appraised Value	
Amount denominated in foreign currency					In Japanese yen	
(U.S.A.) Issue				Thousands of USD	Thousands of yen	
-						
Sub total	-	-	-	-		-
(U.K.) Issue				Thousand pounds	Thousands of yen	
-						
Sub total	-	-	-	-		-
( . . ) Issue				Thousand ...	Thousand ...	
-						
Sub total	-	-	-	-		-
Total	-	-	-	-		-

(j) Domestic Investment Trust Beneficiary Certificates and Investment Securities

Fund with an accounting period of less than 6 months
--

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period	
		Number of Units	Appraised value
Issue ⋮ Issue	Thousand units	Thousand units	Thousands of yen
Total	Amount Number of issues <percentage>	< %>	< %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period	
	Number of Units	Number of Units	Appraised value
Issue ... Issue	Thousand units	Thousand units	Thousands of yen
Total	Amount Number of issues <percentage>	< % >	< % >

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

(k) Foreign Investment Trust Beneficiary Certificates and Investment Securities

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period		
	Number of Units	Number of Units	Amount denominated in foreign currency	Amount in Japanese yen
(U.S.A.) Issue - - Issue	Thousand units	Thousand units	Thousands of USD	Thousands of yen
Sub total	Amount Number of issues <percentage>	< % >	< % >	
(UK) Issue - - Issue	Thousand units	Thousand units	Thousand pounds	Thousands of yen
Sub total	Amount Number of issues <percentage>	< % >	< % >	-
Total	Amount Number of issues <percentage>	< % >	< % >	-

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) Figures in < > indicate the ratio of appraised value of investment trust beneficiary certificates and investment securities by each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period		
	Number of Units	Number of Units	Amount denominated in foreign currency	Amount in Japanese yen
(U.S.A.) Issue - - Issue	Thousand units	Thousand units	Thousands of USD	Thousands of yen
Sub total	Amount			
	Number of issues <percentage>	< % >	< % >	
(U.K.) Issue - - Issue	Thousand units	Thousand units	Thousand pounds	Thousands of yen
Sub total	Amount			
	Number of issues <percentage>	< % >	< % >	—
Total	Amount		—	
	Number of issues <percentage>	< % >	< % >	—

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) Figures in < > indicate the ratio of appraised value of investment trust beneficiary certificates and investment securities by each country to total net assets.

(I) Investment Equity Subscription Right Certificates

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Securities

Issue	End of the __th Preparation Period	End of the __th Preparation Period	
	Number of Certificates	Number of Certificates	Appraised value
○○ issue			
...			
○○ issue			
Total	Number of certificates, amount		
	Number of issues <percentage>		< %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Securities

Issue	Beginning of Period (End of previous period)	End of Current Period	
	Number of Certificates	Number of Certificates	Appraised value
○○ issue			
...			
○○ issue			
Total	Number of certificates, amount		
	Number of issues <percentage>		< %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

## (m) Details of Japanese Currency-Denominated Funds Incorporated by a Fund of Funds

Fund Name	End of Current Period		
	Number of units	Appraised Value	Ratio
Stock funds ○○○○ ○○○○  Sub total	units	Millions of yen	%
Bond funds ○○○○ ○○○○  Sub total			
Real estate funds ○○○○ ○○○○  Sub total			
⋮			
Total			

(Note) The value in the percentage column is the percentage to net asset.

## (n) Details of Foreign Currency-Denominated Funds Incorporated by a Fund of Funds

Fund Name	End of Current Period			
	Number of units	Appraised Value		Ratio
		In Foreign Currency	Amount in Japanese yen	
Stock funds ○○○○ ○○○○  Sub total	units	Thousands of USD Thousand pounds .....	Millions of yen	%
Bond funds ○○○○ ○○○○  Sub total				
Real estate funds ○○○○ ○○○○  Sub total				
⋮				
Total				

(Note) The value in the percentage column is the percentage to net asset.

## (o) Other Domestic Securities

## ○ Statement of Incorporated Securities

	End of the __th Preparation Period	
	Appraised value	Ratio
	Thousands of yen	(%)
Commercial papers	<	>
Loan trust beneficiary rights	<	>

(Note) The value in < > indicates the ratio of the appraised value to total net assets.

## (p) Other Foreign Securities

## ○ Statement of Incorporated Securities

Classification	End of the __th Preparation Period		
	Amount denominated in foreign currency	Amount in Japanese yen	Ratio
(U.S.A.)	Thousands of USD	Thousands of yen	(%)
Negotiable certificates of deposit			< >
Commercial papers			< >
Loan trust beneficiary securities			< >
Beneficial interest of monetary claims trust			
Sub total			< >
(U.K.)	Thousand pounds		< >
Negotiable certificates of deposit			< >
Commercial papers			< >
Loan trust beneficiary securities			
Beneficial interest of monetary claims trust			
Sub total			< >
(Foreign total)			< >
Negotiable certificates of deposit	—		< >
Commercial papers	—		< >
Loan trust beneficiary securities	—		
Beneficial interest of monetary claims trust	—		
Total	—		< >

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > indicates the ratio of the appraised value to total net assets.



(q) Monetary Claims

	End of the __th Preparation Period	
	Type	Total Receivables
Domestic		Thousands of yen

	End of the __th Preparation Period		
	Type	Total Receivables	
In Foreign Currency		Amount in Japanese yen	
Foreign	U.S.A.	Thousands of USD	Thousands of yen
	U.K.	Thousand pounds	Thousands of yen
	.....	Thousand ...	Thousands of yen

(r) Promissory Notes

	End of the __th Preparation Period
	Receivable amount
Domestic	Thousands of yen

	End of the __th Preparation Period		
	Receivable amount		
Foreign	In Foreign Currency	Amount in Japanese yen	
	U.S.A.	Thousands of USD	Thousands of yen
	U.K.	Thousand pounds	Thousands of yen
	.....	Thousand ...	Thousands of yen

(s) Beneficial Interests, Silent Partnership Equity, and Beneficiary Certificate Issuing Trusts

- The main content of each item shall be added.

	End of the __th Preparation Period	
	Type	Appraised Value
Domestic	Beneficial interests	Thousands of yen
	Silent Partnership Equity	Thousands of yen
	Beneficiary certificate issuing trusts	Thousands of yen

		End of the __th Preparation Period		
		Type	Appraised Value	
			In Foreign Currency	Amount in Japanese yen
Foreign	U.S.A.	Beneficial interests	Thousands of USD	Thousands of yen
		Silent Partnership Equity	Thousands of USD	Thousands of yen
		Beneficiary certificate issuing trusts	Thousands of USD	Thousands of yen
	U.K.	Beneficial interests	Thousand pounds	Thousands of yen
		Silent Partnership Equity	Thousand pounds	Thousands of yen
		Beneficiary certificate issuing trusts	Thousand pounds	Thousands of yen
	.....	Beneficial interests	Thousand ...	Thousands of yen
		Silent Partnership Equity	Thousand ...	Thousands of yen
		Beneficiary certificate issuing trusts	Thousand ...	Thousands of yen

(t) Period-end balance by instrument

A. Instruments in Japanese Yen

Fund with an accounting period of less than 6 months
--

○ Statement of Incorporated Instruments

By Type	End of the __th Preparation Period	End of the __th Preparation Period	
	Quantity	Quantity	Appraised Value
Gold			Thousands of yen
Azuki beans			
⋮			
Total	Amount <percentage>	-	- < %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Instruments

By Type		Beginning of Period (End of previous period)	End of Current Period	
		Quantity	Quantity	Appraised Value
Gold				Thousands of yen
Azuki beans				
⋮				
Total	Amount <percentage>	–	–	< %>

(Note) Figures in < > in the total column indicate the ratio of the appraised value to total net assets.

B. Instruments Denominated in Foreign Currencies

Fund with an accounting period of less than 6 months

○ Statement of Incorporated Instruments

By Type		End of the __th Preparation Period	End of the __th Preparation Period		
		Quantity	Quantity	Appraised Value	
				Amount denominated in foreign currency	Amount in Japanese yen
(U.S.A.) Gold Azuki beans ⋮				Thousands of USD	Thousands of yen
Sub total	Amount <percentage>	–	–		< %>
(○ ○) Gold Azuki beans ⋮					Thousands of yen
Sub total	Amount <percentage>	–	–		< %>
Total	Amount <percentage>	–	–		< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the instrument appraised value of each country to total net assets.

Funds with an accounting period of 6 months or more

○ Statement of Incorporated Instruments

By Type		Beginning of Period (End of previous period)	End of Current Period			
			Quantity	Quantity	Appraised Value	
						Amount denominated in foreign currency
(U.S.A.) Gold Azuki beans ⋮					Thousands of USD	Thousands of yen
Sub total	Amount <percentage>	-	-			< %>
(○ ○) Gold Azuki beans ⋮						Thousands of yen
Sub total	Amount <percentage>	-	-			< %>
Total	Amount <percentage>	-	-			< %>

(Note 1) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen at the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

(Note 2) The value in < > is the ratio of the instrument appraised value of each country to total net assets.

(u) Period-End Balance of Futures Transactions by Issue

○ Statement of Incorporated Securities

By Issue		End of the ___th Preparation Period	
		Purchase price	Sell price
		Millions of yen	Millions of yen
Domestic	Nikkei Stock Average		
	Nikkei 300		
	TOPIX		
	Futures 50		
	Standard government bonds		
	Currency		
	Instruments		
	.....		
Foreign	S&P 500		
	Instruments		
	.....		

(Note) Appraised value denominated in foreign currencies is calculated by converting the market value at the end of the period into Japanese yen at the medium price at the end of the preparation period.

## (v) Period-End Balance of Options by Issue

By Issue		By call/put	End of the __th Preparation Period		
			Purchase price	Sell price	
Domestic	Shares	Nikkei 225	Call Put	Millions of yen	Millions of yen
		Nikkei 300	Call Put		
		TOPIX	Call Put		
	Bonds		Call Put		
			Call Put		
	Interest rate		Call Put		
			Call Put		
	Currency		Call Put		
			Call Put		
	Instruments		Call Put		
			Call Put		
	⋮		Call Put		
			Call Put		
	Foreign	Shares	S&P 500	Call Put	
			Call Put		
			Call Put		
Bonds		T-BOND	Call Put		
Instruments			Call Put		
			Call Put		
⋮			Call Put		

(Note) Appraised value denominated in foreign currencies is calculated by converting the market value at the end of the period into Japanese yen at the medium price at the end of the preparation period.

(w) Period-End Balance of Individual Stock Options by Issue

○ Statement of Incorporated Securities

By Issue		By call/put	End of the __th Preparation Period	
			Purchase price	Sell price
Domestic	○○○○		Millions of yen	Millions of yen
	○○○○			
	⋮			
Foreign	○○○○			
	○○○○			
	⋮			

(Note) Appraised value denominated in foreign currencies is calculated by converting the market value at the end of the period into Japanese yen at the medium price at the end of the preparation period.

(x) Balance of Swaps and Forward Transactions

Type	Contract Balance
	Notional amount of principal at end of the __th preparation period
Interest rate	million yen
Currency	
Forward rate	
Forward currency	
Forward instrument	
⋮	
Total	

(y) Balance of Mother Fund

Fund with an accounting period of less than 6 months
--

○ ○ Statement of Incorporated Securities

Type	End of the __th Preparation Period	End of the __th Preparation Period	
	Units	Units	Appraised value
___ Mother	Thousand units	Thousand units	Thousands of yen
___ Mother	Thousand units	Thousand units	Thousands of yen
___ Mother	Thousand units	Thousand units	Thousands of yen

Funds with an accounting period of 6 months or more

○ ○ Statement of Incorporated Securities

Type	Beginning of Period (End of previous period)	End of Current Period	
	Units	Units	Appraised value
___ Mother	Thousand units	Thousand units	Thousands of yen
___ Mother	Thousand units	Thousand units	Thousands of yen
___ Mother	Thousand units	Thousand units	Thousands of yen

B. Labeling Considerations

- (a) A statement of incorporated assets shall be prepared for each asset.
- (b) The order of indication shall be as follows: shares, stock options certificates, option certificates, corporate bonds with stock options (convertible bonds), public and corporate bonds, investment trust beneficiary certificates and investment securities, investment equity subscription right certificates, other securities, monetary claims, promissory notes, beneficial interests, silent partnership equity, trusts issuing beneficiary certificates, instruments, futures, options, swaps, forward transactions, and mother funds.
- (c) Domestic shares shall be classified by industry and indicated by issue.
- (d) In the case of a fund mainly invests in corporate bonds with stock options (convertible bonds), corporate bonds with stock options (convertible bonds) shall be indicated by issue, separately from straight bonds. When corporate bonds with stock options (convertible bonds) are indicated separately by issue, they shall be omitted from example presentations of (A) Domestic (denominated in Japanese currency) and (B) Foreign (denominated in foreign currency) bonds indicated in A. Disclosures by Bond Type in (i) public and corporate bonds.
- (e) For assets not applicable, the table shall be omitted and the number in ( ) incrementally increased.  
In the event that there are absolutely no shares, stock options certificates or option certificates etc. with the nature of shares in the stock investment trust, such fact shall be stated in the notes.
- (f) For the statement of securities of the mother fund, the total number of units of beneficial interest in such mother fund shall be noted in the margin.
- (g) For investment trust beneficiary certificates and investment securities or mother funds, the number of units at the end of the previous period and the number of units at the end of the current period and the appraised value shall be indicated.
- (h) For incorporated shares (including stock options certificates and option certificates having the nature of shares), the number of shares (number of certificates) as of the end of the previous period and the number of shares (number of certificates) as of the end of the current period as well as the appraised value shall be indicated.  
(For funds with an accounting period of less than 6 months, the end of the previous period and the



end of the current period shall be read as the end of the previous preparation period and the end of the current preparation period.)

For incorporated securities other than shares (including stock options certificates and option certificates having the nature of shares), a securities statement at the end of the current period shall be presented in principle, but disclosure of details beyond provisions such as presentation at the end of the previous period shall be at the discretion of each company.

- (i) For funds whose accounting period is less than 6 months, the record for the end of each settlement period during the last 6 months before the end of such investment report preparation period may be indicated.
- (j) With regard to (Note) in A. Disclosures by Bond Type in (i) public and corporate bonds, this shall not apply if such rate is likely to make it impossible to accurately indicate the status of the trust property.

Non-listed bonds may be presented as a breakdown by category.

- (k) The types of bonds in the Issue column of (A) Domestic public and corporate bonds in B Individual Issue Disclosure in (i) public and corporate bonds shall be categorized into national government bonds, municipal bonds, special bonds (excluding financial bonds), financial bonds, corporate bonds with stock options (convertible bonds), and straight bonds (including investment corporation bonds) and other corporate bonds.
- (l) With regard to the real estate investment trust to be incorporated, if the operating company or the administrative trustee company thereof is a settlor company of investment trusts or interested party thereof who gives instructions for the management of a fund of funds, such fact shall be indicated by explanatory notes.
- (m) For the investment trust securities (excluding real estate investment trusts) incorporated into a fund of funds, a statement of incorporated securities for major investment targets shall be indicated and prepared for the most recent settlement period available for each investment trust (semiannual settlements or quarterly reports may also be acceptable.). In this case, however, the relevant part of the report of the investment trust securities into which the investment is made may be excerpted (such as top issues and major transactions) and indicated. They may also be shown in the “Contents of Incorporated Investment Trust Securities” at the end of the items to be indicated in the investment report.

(14) Status of Margin Transactions

A. Form Examples

Issue	Margin Transactions Short Balance	
	End of the __th Preparation Period	
	Number of Shares	Appraised value
	Thousand shares	Thousands of yen
Total		

**B. Labeling Considerations**

- (a) For funds with an accounting period of less than 6 months, the balance of margin transactions at the end of each settlement period during the past 6 months before the end of the preparation period may be indicated.
- (b) The status of margin transactions shall be indicated on a voluntary basis and may not be indicated.

**(15) Status of Short Selling of Bonds**

**A. Form Examples**

Type	End of the __th Preparation Period	
	Face Value	Appraised value
National Government Bonds	Thousands of yen	Thousands of yen
Municipal Bonds		
Special Bonds (excluding financial bonds)		
Financial Bonds		
Straight Bonds		
Total		

**B. Labeling Considerations**

- (a) For funds with an accounting period of less than 6 months, the status of short selling of bonds at the end of each fiscal period during the past 6 months before the end of the preparation period may be indicated.
- (b) The status of short selling of bonds shall be indicated on a voluntary basis and may be omitted.

(17) Composition of Investment Trust Property

A. Form Examples

(a) In the case of a direct investment fund

○ Composition of an Investment Trust Property

As of MM/DD/YYYY

Item	End of the __th Preparation Period	
	Appraised value	Ratio
Shares	Thousands of yen	%
Stock options certificates		
Option certificates, etc.		
Corporate Bonds with Stock Options (Convertible bonds)		
Public and corporate bonds		
Investment trust beneficiary certificates		
Investment equity subscription right certificates		
Other securities		
...		
Instruments		
...		
Call Loans, and Other Instruments		
Total Amount of Investment Trust Property		100.0

(Note 1) The amount of assets denominated in foreign currency converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan. The exchange rate in Japanese yen on MM DD is \_\_\_\_.

(Note 2) The ratio of assets denominated in foreign currencies to the total amount of investment trust property is \_\_\_\_ thousand yen, 〇.〇%.

(b) In the case of an indirect investment fund

○ Composition of an Investment Trust Property

As of MM/DD/YYYY

Item	End of the __th Preparation Period	
	Appraised value	Ratio
Shares	Thousands of yen	%
Public and Corporate Bonds		
Other securities		
...		
___ Stock Mother		
___ Corporate Bond Mother		
Call Loans, and Other Instruments		
Total Amount of Investment Trust Property		100.0

(Note 1) The amount of assets denominated in foreign currency converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan. The exchange rate in Japanese yen on MM DD is \_\_\_.

(Note 2) The ratio of assets denominated in foreign currencies to the total amount of investment trust property is \_\_\_ thousand yen, 〇.〇% in stock mother funds, and \_\_\_ thousand yen, 〇.〇% in public and corporate bond mother funds.

B. Labeling Considerations

- (a) Incorporated assets shall be indicated by dividing them into shares, stock options certificates, option certificates, corporate bonds with stock options (convertible bonds), public and corporate bonds, investment trust beneficiary certificates and investment securities, investment equity subscription right certificates, other securities, monetary claims, promissory notes, beneficial interests, silent partnership equity, trusts issuing beneficiary certificates, instruments and mother fund beneficiary certificates.
- (b) For the denominator of the incorporation ratio, the total amount of investment trust property shall be indicated in the table.
- (c) Other items such as call loans, etc., shall be the amount and ratio of incorporated securities to the total amount of the investment trust property.
- (d) For the family fund method, the display order shall be directly incorporated funds firstly and followed by the mother fund.
- (e) The ratio of the total net assets pertaining to assets denominated in foreign currencies to total investment trust property at the end of the current preparation period shall be noted.
- (f) For funds whose accounting period is less than 6 months, the composition of the trust property at the end of the preparation period of the investment report shall be indicated. However, such information may also be presented for each settlement period during the preparation period.
- (g) Items for assets not applicable shall be omitted.

(19) Status of Assets, Liabilities, Principal and Base Value and Status of Profit and Loss

A. Indication Examples

(a) Unit Type Investment Trusts

Fund with an accounting period of less than 6 months
--

o Status of Assets, Liabilities, Principal and Base value

As of (MM/DD/YYYY) and (MM/DD/YYYY)

Item	End of __th Period	End of __th Period	* In case of redemption: [at redemption]
(A) Assets	Yen	Yen	
Call Loans, etc.			
Shares (Appraised value)			
Stock options certificates (Appraised value)			
Option certificates, etc.(Appraised value)			
Public and Corporate Bonds (Appraised value)			
Investment trust beneficiary certificates (Appraised value)			
Instruments (Appraised value)			
...			
No. __ Stock Fund (Appraised value)			
No. __ Public and Corporate Bond Fund (Appraised value)			
Call option (Purchase)			
Put option (Purchase)			
Accounts Receivable			
Accrued Dividends Receivable			
Accrued Interest			
Prepaid Expenses			
Other Accrued Revenue			
Guarantee Deposits			
Customers' Margin Deposits			
...			
(B) Liabilities			
Call Option (Sell)			
Put Option (Sell)			
Loans			
Accounts Payable			
Unpaid Share Subscription			
Unpaid Dividends			
Redemption Payable			
Accrued Trust Fees Payable			
Accrued Interest Expenses			
Other Accrued Expenses			
...			
(C) Total Net Assets (Note)			
Principal			
Profit or Loss Carried Forward for the Next Period			
[Profit or loss on redemption]	units	units	
(D) Total Units of Beneficial Interest	Yen	Yen	
Base Value per Unit (C/D)		yen	sen
[Redemption value per unit (C/D)]			

(Note) Loss or gain on valuation of futures transactions, etc. (XXXX yen) is added to Assets (A) - Liabilities (B).

Funds with an accounting period of 6 months or more

○ Status of Assets, Liabilities, Principal and Base value

As of (MM/DD/YYYY)

Item	End of Current Period	
(A) Assets		Yen
Call Loans, etc.		
Shares (Appraised value)		
Stock options certificates (Appraised value)		
Option certificates, etc.(Appraised value)		
Public and Corporate Bonds (Appraised value)		
Investment trust beneficiary certificates (Appraised value)		
Instruments (Appraised value)		
...		
No. __ Stock Fund (Appraised value)		
No. __ Public and Corporate Bond Fund (Appraised value)		
Call option (Purchase)		
Put option (Purchase)		
Accounts Receivable		
Accrued Dividends Receivable		
Accrued Interest		
Prepaid Expenses		
Other Accrued Revenue		
Guarantee Deposits		
Customers' Margin Deposits		
...		
(B) Liabilities		
Call Option (Sell)		
Put Option (Sell)		
Loans		
Accounts Payable		
Unpaid Share Subscription		
Unpaid Dividends		
Redemption Payable		
Accrued Trust Fees Payable		
Accrued Interest Expenses		
Other Accrued Expenses		
...		
(C) Total Net Assets (Note)		
Principal		
Profit or Loss Carried Forward for the Next Period		
[Profit or loss on redemption]		units
(D) Total Units of Beneficial Interest		Yen
Base Value per Unit (C/D)		yen sen
[Redemption value per unit (C/D)]		

\* In case of redemption:  
[at redemption]

(Note) Loss or gain on valuation of futures transactions, etc. (XXXX yen) is added to Assets (A) - Liabilities (B).

Fund with an accounting period of less than 6 months

○ Status of Profit and Loss

\_\_th Period From MM/DD/YYYY To MM/DD/YYYY

\_\_th Period From MM/DD/YYYY To MM/DD/YYYY

Item	End of __th Period	End of __th Period
(A) Dividend, etc., Income	Yen	Yen
Dividend Income		
Interest Income		
Other Revenues		
Interest Expenses		
(B) Gain or Loss on Securities		
Transaction		
Gain on Sale		
Loss on Sale		
(C) Gain or Loss on Futures	-	-
Transactions, etc.		
Gains on Transactions		
Loss on Transactions	-	-
(D) Loss or Gain on Valuation of Securities	-	-
(E) Loss or Gain on Valuation of Futures Transactions, etc.	-	-
(F) Trust Fees, etc.		
(G) Subscription Fees		
(H) Current Period Profit or Loss (A+ B+ C + D + E + F + G)		
(I) Profit or Loss Carried Forward from the Previous Period	-	-
(J) Profit or Loss on Early Cancellation		
(K) Total (H + I + J)		
(L) Dividends		
Profit or Loss Carried Forward to the Next Period (K + L)		
[Profit or loss on redemption]		
[Of which, reserve for stock price fluctuation]		
...		

Funds with an accounting period of 6 months or more

○ Status of Profit and Loss

Current Period From MM/DD/YYYY To MM/DD/YYYY

Item	Current Period
(A) Dividend, etc., Income	Yen
Dividend Income	
Interest Income	
Other Revenues	
Interest Expenses	
(B) Gain or Loss on Securities	
Transaction	
Gain on Sale	
Loss on Sale	
(C) Gain or Loss on Futures	-
Transactions, etc.	
Gains on Transactions	
Loss on Transactions	-
(D) Loss or Gain on Valuation of Securities	-
(E) Loss or Gain on Valuation of Futures Transactions, etc.	-
(F) Trust Fees, etc.	
(G) Subscription Fees	
(H) Current Period Profit or Loss (A+ B+ C + D + E + F + G)	
(I) Profit or Loss Carried Forward from the Previous Period	-
(J) Profit or Loss on Early Cancellation	
(K) Total (H + I + J)	
(L) Dividends	
Profit or Loss Carried Forward to the Next Period (K + L)	
[Profit or loss on redemption]	
[Of which, reserve for stock price fluctuation]	
...	



(b) Open Type Investment Trusts

Fund with an accounting period of less than 6 months

o Status of Assets, Liabilities, Principal and Base value

As of (MM/DD/YYYY), (MM/DD/ YYYY)

Item	End of __th Period	End of __th Period	* In case of redemption: [at redemption]
(A) Assets	Yen	Yen	
Call Loans, etc.			
Shares (Appraised value)			
Stock options certificates (Appraised value)			
Option certificates, etc. (Appraised value)			
Public and Corporate Bonds (Appraised value)			
Equity Securities (Appraised value)			
Investment trust beneficiary certificates (Appraised value)			
Other securities (Appraised value)			
Instruments (Appraised value)			
...			
Call Option (Purchase)			
Put Option (Purchase)			
Accounts Receivable			
Accrued Dividends Receivable			
Accrued Interest			
Prepaid Expenses			
Other Accrued Revenue			
Guarantee Deposits			
Customers' Margin Deposits			
...			
(B) Liabilities			
Call Option (Sell)			
Put Option (Sell)			
Loans			
Accounts Payable			
Unpaid Share Subscription			
Unpaid Dividends			
Redemption Payable			
Accrued Trust Fees Payable			
Accrued Interest Expenses			
Securities Received as Customers' Deposits for Guarantee Deposits	units	units	
Securities Received as Customers' Deposits for Customers' Margin	Yen	Yen	
Other Accrued Expenses	-	yen sen	
...			
(C) Total Net Assets (A) - (B)			
Principal			
Profit or Loss Carried Forward for the Next Period			
(D) Total Units of Beneficial Interest			
Base Value per Unit (C/D)			
[Redemption value per unit (C/D)]			

Funds with an accounting period of 6 months or more

○ Status of Assets, Liabilities, Principal and Base value

		As of (MM/DD/YYYY)
Item	End of Current Period	* In case of redemption: Yen [at redemption]
(A) Assets		
Call Loans, etc.		
Shares (Appraised value)		
Stock options certificates (Appraised value)		
Option certificates, etc. (Appraised value)		
Public and Corporate Bonds (Appraised value)		
Equity Securities (Appraised value)		
Investment trust beneficiary certificates (Appraised value)		
Other securities (Appraised value)		
Instruments (Appraised value)		
...		
Call Option (Purchase)		
Put Option (Purchase)		
Accounts Receivable		
Accrued Dividends Receivable		
Accrued Interest		
Prepaid Expenses		
Other Accrued Revenue		
Guarantee Deposits		
Customers' Margin Deposits		
...		
(B) Liabilities		
Call Option (Sell)		
Put Option (Sell)		
Loans		
Accounts Payable		
Unpaid Share Subscription		
Unpaid Dividends		
Redemption Payable		
Accrued Trust Fees Payable		
Accrued Interest Expenses		
Securities Received as Customers' Deposits for Guarantee Deposits		
Securities Received as Customers' Deposits for Customers' Margin		
Other Accrued Expenses		
...		
(C) Total Net Assets (A) - (B)		
Principal		units For 1 yen per unit:
Profit or Loss Carried Forward for the Next Period		Yen (C/D, unit for yen sen indicating base value)
(D) Total Units of Beneficial Interest		
Base Value per Unit (C/D)		
[Redemption value per unit (C/D)]		

Fund with an accounting period

o Status of Profit and Loss

\_\_th Period From MM/DD/YYYY To MM/DD/YYYY  
 \_\_th Period From MM/DD/YYYY To MM/DD/YYYY

Item	End of __th Period	End of __th Period
(A) Dividend, etc., Income		
Dividend Income		
Interest Income		
Other Revenues		
Interest Expenses		
(B) Gain or Loss on Securities		
Transaction		
Gain on Sale		
Loss on Sale		
(C) Gain or Loss on Futures	-	-
Transactions, etc.		
Gains on Transactions		
Loss on Transactions		
(D) Trust Fees, etc.	-	-
(E) Current Period Profit or Loss (A+ B+ C + D)	-	-
(F) Profit or Loss Carried Forward from the Previous Period		
(G) Profit or Loss on Open Type Trusts		
(Equivalent amount for dividends, etc.)		
(Equivalent amount for trading profit or loss)	-	-
(H) Total (E + F + G)		
(I) Dividends		
Profit or Loss Carried forward to the Next Period (H + I)		
Profit or Loss on Open Type Trusts		
(Equivalent amount for dividends, etc.)		
(Equivalent amount for trading profit or loss)		
[Profit or loss on redemption]		
Reserve for Dividends		
Profit or Loss Carried Forward		
...		

Funds with an accounting period of 6 months or more

○ Status of Profit and Loss

Current Period From MM/DD/YYYY To MM/DD/YYYY

Item	Current Period
(A) Dividend, etc., Income	
Dividend Income	
Interest Income	
Other Revenues	
Interest Expenses	
(B) Gain or Loss on Securities	
Transaction	
Gain on Sale	
Loss on Sale	
(C) Gain or Loss on Futures	-
Transactions, etc.	
Gains on Transactions	
Loss on Transactions	-
(D) Trust Fees, etc. etc.	-
(E) Current Period Profit or Loss (A+ B+ C + D)	
(F) Profit or Loss Carried Forward from the Previous Period	
(G) Profit or Loss on Open Type Trusts	
(Equivalent amount for dividends, etc.)	
(Equivalent amount for trading profit or loss)	-
(H) Total (E + F + G)	
(I) Dividends	
Profit or Loss Carried Forward to the Next Period (H + I)	
Profit or Loss on Open Type Trusts	
(Equivalent amount for dividends, etc.)	
(Equivalent amount for trading profit or loss)	
[Profit or loss on redemption]	
Reserve for Dividends	
Profit or Loss Carried Forward	
...	

(c) Bond Investment Trusts

Fund with an accounting period of less than 6 months
--

○ Status of Assets, Liabilities, Principal and Base Value

As of (MM/DD/YYYY), (MM/DD/ YYYY)

Item	End of __th Period	End of __th Period	* In case of redemption: [at redemption]
(A) Assets	Yen	Yen	
Call Loans, etc.			
National Government Bonds (Appraised value)			
Municipal Bonds (Appraised value)			
Special Bonds (Appraised value)			
Corporate Bonds (Appraised value)			
Investment trust beneficiary certificates (Appraised value)			
Other Securities (Appraised value)			
...			
Call Option (Purchase)			
Put Option (Purchase)			
Accounts Receivable			
Accrued Interest			
Accrued Gain Receivable			
Prepaid Expenses			
Other Accrued Revenue			
Customers' Margin Deposits			
...			
(B) Liabilities			
Call Option (Sell)			
Put Option (Sell)			
Loans			
Accounts Payable			
Unpaid Dividends			
Redemption Payable			
Accrued Trust Fees Payable			
Securities Received as Customers' Deposits for Customers' Margin			
Other Accrued Expenses			
...			
(C) Total Net Assets (A) - (B)			
Principal			
Profit or Loss Carried Forward for the Next Period			
[Profit or loss on redemption]	units	units	
(D) Total Units of Beneficial Interest	Yen	Yen	
Base Value per 10,000 Units (C/D)	—	yen sen	
[Redemption value per 10,000 units (C/D)]			

Funds with an accounting period of 6 months or more

○ Status of Assets, Liabilities, Principal and Base Value

As of (MM/DD/YYYY)

Item	End of Current Period	
(A) Assets		* In case of redemption: Yen [at redemption]
Call Loans, etc.		
National Government Bonds		
(Appraised value)		
Municipal Bonds (Appraised value)		
Special Bonds (Appraised value)		
Corporate Bonds (Appraised value)		
Investment trust beneficiary		
certificates (Appraised value)		
Other Securities (Appraised value)		
...		
Call Option (Purchase)		
Put Option (Purchase)		
Accounts Receivable		
Accrued Interest		
Accrued Gain Receivable		
Prepaid Expenses		
Other Accrued Revenue		
Customers' Margin Deposits		
...		
(B) Liabilities		
Call Option (Sell)		
Put Option (Sell)		
Loans		
Accounts Payable		
Unpaid Dividends		
Redemption Payable		
Accrued Trust Fees Payable		
Securities Received as Customers'		
Deposits for Customers' Margin		
Other Accrued Expenses		
...		
(C) Total Net Assets (A) - (B)		
Principal		
Profit or Loss Carried Forward for		
the Next Period		
[Profit or loss on redemption]		units
(D) Total Units of Beneficial Interest		Yen
Base Value per 10,000 Units (C/D)		yen sen
[Redemption value per 10,000 units		
(C/D)]		

Fund with an accounting period of less than 6 months

○ Status of Profit and Loss

\_\_th Period From MM/DD/YYYY To MM/DD/YYYY

\_\_th Period From MM/DD/YYYY To MM/DD/YYYY

Item	End of __th Period	End of __th Period
(A) Interest Income, etc.		
Interest Income		
Accrued Gain		
Other Revenues		
Interest Expenses		
(B) Gain or Loss on Securities		
Transaction		
Gain on Sale		
Loss on Sale		
(C) Gain or Loss on Futures	-	-
Transactions, etc.		
Gains on Transactions		
Loss on Transactions	-	-
(D) Trust Fees, etc. etc.	-	-
(E) Current Period Net Profit (A + B + C + D)	-	-
(F) Profit or Loss Carried Forward from the Previous Period		
(G) Profit or Loss on Early Cancellation	-	-
(H) Total (E + F + G)		
(I) Dividends		
Profit or Loss Carried Forward to the Next Period (H + I)		
[Profit or loss on redemption]		
...		

Funds with an accounting period of 6 months or more

○ Status of Profit and Loss

Current Period From MM/DD/YYYY To MM/DD/YYYY

Item	Current Period
(A) Interest Income, etc.	
Interest Income	
Accrued Gain	
Other Revenues	
Interest Expenses	
(B) Gain or Loss on Securities	
Transaction	
Gain on Sale	
Loss on Sale	
(C) Gain or Loss on Futures	-
Transactions, etc.	
Gains on Transactions	
Loss on Transactions	-
(D) Trust Fees, etc. etc.	-
(E) Current Period Net Profit (A + B + C + D)	-
(F) Profit or Loss Carried Forward from the Previous Period	
(G) Profit or Loss on Early Cancellation	-
(H) Total (E + F + G)	
(I) Dividends	
Profit or Loss Carried Forward to the Next Period (H + I)	
[Profit or loss on redemption]	
...	

**B. Labeling Considerations**

- (a) For funds whose accounting period is less than 6 months, the status of assets, liabilities, principal and base value and the status of profit and loss for each settlement period during the past 6 months before the end of the preparation period shall be indicated. However, the status of assets, liabilities, principal and base value at the end of the preparation period may be indicated, and the status of profit and loss may be presented in total for the preparation period.
- (b) Any matters to be stipulated in the provisions of the Ordinance on Investment Trust's Financial Statements shall be stated in the notes.



Attached Table 1-2

## Form and Indication Example of Investment Report (Delivery Version) for Securities Investment Trusts

(Articles 3-2 and 3-3 of the Rules)

### 1. Items to Be Indicated on the Cover Page (Article 3-2 of the Rules)

#### (8) To Beneficiaries:

##### A. Indication Examples

To Beneficiaries:

We would like to thank you for your continued patronage.

The “○○○○ Fund” has just completed the settlement of accounts for its ○th period.

The fund has been managed with the aim of \_\_\_\_\_. We would like to report on the investment progress of this period as follows:

We look forward to your continued support and patronage.

##### B. Labeling Considerations when displaying “To Beneficiaries”

- (a) When showing the information, it shall be shown conspicuously and with reference to the indication examples above.

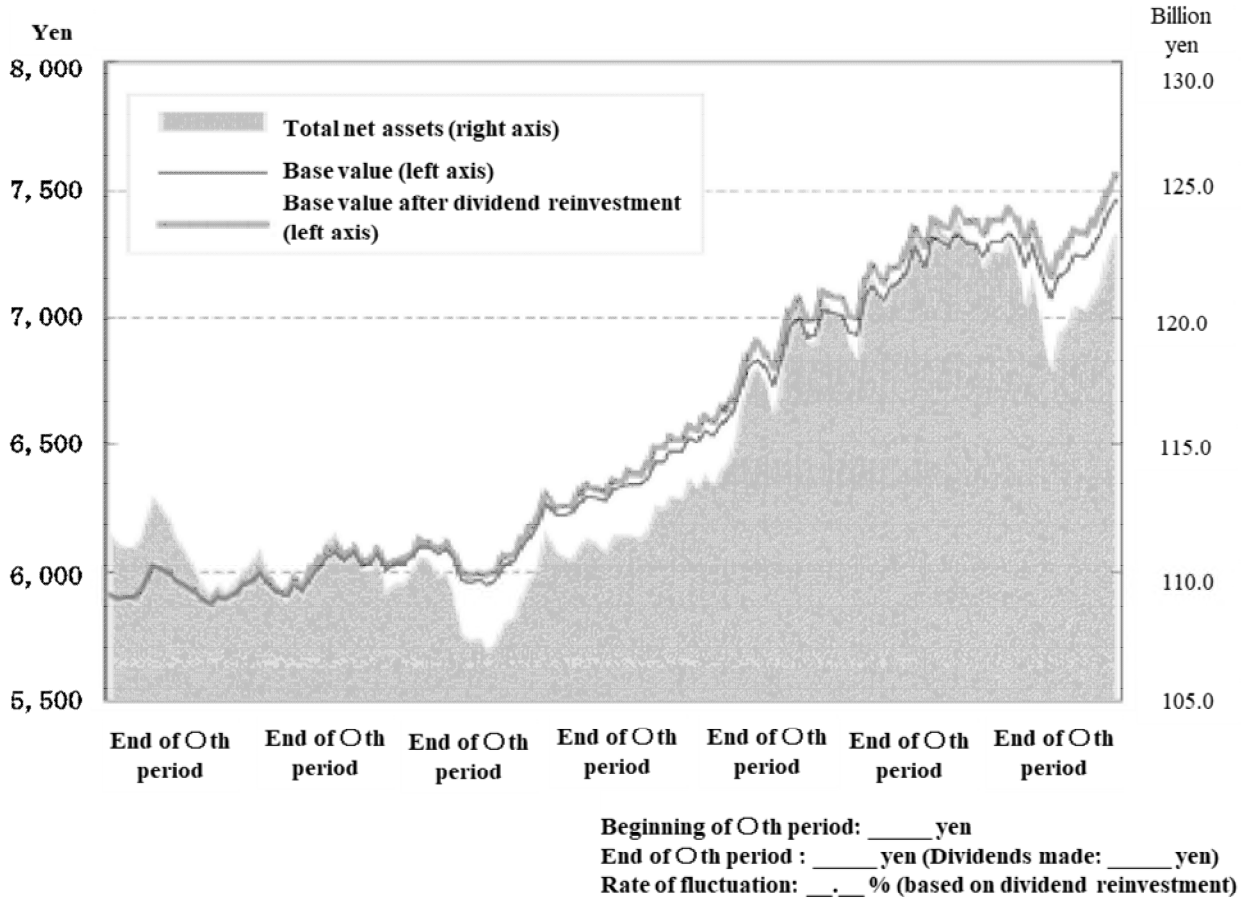
2. Items to Be Indicated in the Text (Article 3-3 of the Rules)

The form of items to be indicated in the text shall be as follows:

(1) Explanation of investment progress

(i) Changes in base value, etc.

A. Indication Example



\* Base value after dividend reinvestment is calculated on the assumption that income distribution (including tax) is reinvested at the time of distribution and indicates the actual performance of fund management.

\* Whether or not dividends are reinvested depends on the course the customer is utilizing. Also, the terms of taxation vary depending on the purchase price of the fund. Therefore, it does not indicate the profit and loss status of the customer.

B. Labeling Considerations

- (a) The changes in the base value, the changes in the base value after dividend reinvestment, and the changes in the amount of total net assets during the preparation period shall be indicated in one chart.
- (b) The changes in the base value and the changes in the base value after dividend reinvestment shall be indicated on a line graph and it shall be stated that the left axis indicates the unit of

measurement.

- (c) The changes in the amount of total net assets shall be displayed on the line graph along with the area graph and it shall be stated that the right axis indicates the unit of measurement.
- (d) The base value and the rate of fluctuation (after reinvestment of dividends) at the beginning and the end of the preparation period shall be displayed. In addition, the “Amount of dividends paid” shall be displayed near the base value at the end of the period.
- (e) In principle, benchmarks shall be included in such charts.
- (f) The following note shall be displayed below the above diagram:
  - That the base value after dividend reinvestment shall be calculated by assuming that the dividends (including tax) has been reinvested at the time of distribution, and indicates the actual performance of fund management.
  - Whether or not dividends are reinvested depends on the course the customer is utilizing. Also, the terms of taxation vary depending on the purchase price of the fund. Therefore, that it does not indicate the profit and loss status of the customer.

(ii) Main Factors for Fluctuations in the Base Value

When explaining main factors for fluctuations in the base value, the explanation shall be concise and easy to understand in writing, comparing it to the contents described in the “Purpose and Features of the Fund” section of the Delivery Prospectus of the investment trust.

(iii) Details of Expenses per 10,000 Units

A. Form Examples

Fund with an accounting period of less than 6 months
--

○ Details of Expenses per 10,000 Units

Item	__th Period to __th Period		Summary of Items
	(MM/DD/YYYY -		
	Amount	Ratio	
(a) Trust Fees (Investment trust company) (Seller) (Trustee company)	Yen	%	Where described in (Note 1): (☆1) Where described in (Note 1): (☆2) Where described in (Note 1): (☆3) Where described in (Note 1): (☆4)
(b) Subscription Fees			
(c) Trading Commissions (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (instruments) (Futures and options)			Where described in (Note 1): (☆5)
(d) Securities Transaction Tax (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Public and corporate bonds)			Where described in (Note 1): (☆6)
(e) Other Expenses (Storage expenses) (Audit expenses) (Other)			Where described in (Note 1): (☆7)
Total			

Funds with an accounting period of 6 months or more
---

○ Details of Expenses per 10,000 Units

Item	Current Period		Summary of Items
	(MM/DD/YYYY - MM/DD/YYYY)		
	Amount	Ratio	
(a) Trust Fees (Investment trust company) (Seller) (Trustee company)	Yen	%	Where described in (Note 1): (☆1) Where described in (Note 1): (☆2) Where described in (Note 1): (☆3) Where described in (Note 1): (☆4)
(b) Subscription Fees			
(c) Trading Commissions (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Instruments) (Futures and options)			Where described in (Note 1): (☆5)
(d) Securities Transaction Tax (Shares) (Stock options certificates) (Option certificates, etc.) (Corporate bonds with stock options (convertible bonds)) (Public and corporate bonds)			Where described in (Note 1): (☆6)
(e) Other Expenses (Storage expenses) (Audit expenses) (Other)			Where described in (Note 1): (☆7)
Total			

(Note 1)

In the following Notes, (☆) shall be inserted in the right column of the table, and each company shall insert other items as it deems necessary.

(Unit type investment trust)

(Marginal notes) Overview of items

Expenses incurred during the period (including consumption tax for applicable items) are calculated using the simplified method because the number of units of beneficial interest changes as a result of early cancellation.

(The method of calculation shall be described, but real numbers may be omitted.)

(☆1) (a) Trust fee = [Average base value during the period] x Trust fee rate (\*)

(\*) Fund for which trust fees are recorded daily on a net asset basis.

Or

$$= \frac{[\text{Trust fees payable at the end of the semiannual period}]}{[\text{Number of units of beneficial interest at the end of the semiannual period}]} + \frac{[\text{Trust fees payable at the end of the period}]}{[\text{Number of units of beneficial interest at the end of the period}]}$$

The average base value for the period is ○○○○ yen.

The “Ratio” column indicates the ratio obtained by dividing the each amount of expenses per 10,000 units by the average base value during the period and multiplying 100.

The following job description of items for compensation are examples used for examples.

(☆2) Compensation for management of the entrusted funds

(☆3) Compensation for sending various documents such as the Investment Report (Delivery Version), managing the fund in the account, and providing information after purchase

(☆4) Compensation for management of investment property and execution of instructions from investment trust companies

$$(\star 5) (c) \text{ Trading commissions} = \frac{[\text{Trading commissions during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

Trading commissions are fees to be paid to brokers for the purchase and sale of securities

$$(\star 6) (d) \text{ Securities transaction tax} = \frac{[\text{Securities transaction tax during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

The securities transaction tax is a tax on transactions arising from each transaction of securities.

$$(\star 7) (e) \text{ Other expenses} = \frac{[\text{Other expenses during the period}]}{[\text{Average number of units of beneficial interest during the period}]}$$

#### Other Expenses

- Storage expenses are expenses required for the storage of securities, remittance of funds, and transfer of assets that are paid to overseas storage banks, etc.
- Audit expenses are expenses related to audits of the fund to be paid to the auditing corporation or entity.
- For expenses incurred other than those described above, concrete items shall be listed and the nature of services shall be described.

(Open type investment trusts)

(Marginal notes) Overview of items

Expenses during the period (including consumption tax for applicable items) are calculated using the simplified method because the number of units of beneficial interest changes as a result of addition or early cancellation.

(The method of calculation shall be described, but real numbers may be omitted.)

(☆1) (a) Trust fee = [Average base value during the period] x Trust fee rate

The average base value for the period is ○○○○ yen.

The “Ratio” column indicates the ratio obtained by dividing the each amount of expenses per 10,000 units by the average base value during the period and multiplying 100.

The following job description of items for compensation are examples used for examples.

(☆2) Compensation for management of the entrusted funds

(☆3) Compensation for sending various documents such as an Investment Reports (Delivery Version), etc., for management of funds in accounts, or for providing information after purchase, etc.

(☆4) Compensation for management of investment property and execution of instructions from investment trust companies

(☆5) (c) Trading commissions = 
$$\frac{\text{[Trading commissions during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

Trading commissions are fees to be paid to brokers for the purchase and sale of securities

(☆6) (d) Securities transaction tax = 
$$\frac{\text{[Securities transaction tax during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

The securities transaction tax is a tax on transactions arising from each transaction of securities.

(☆7) (e) Other expenses = 
$$\frac{\text{[Other expenses during the period]}}{\text{[Average number of units of beneficial interest during the period]}}$$

#### Other Expenses

- Storage expenses are expenses required for the storage of securities, remittance of funds, and transfer of assets that are paid to overseas storage banks, etc.
- Audit expenses are expenses related to audits of the fund to be paid to the auditing corporation or entity.
- For expenses incurred other than those described above, concrete items shall be listed and the nature of services shall be described.

(Unit type and open type investment trusts)

(Note 2) Figures less than 1 yen are rounded off for each item.

In the case of the family fund method, the following provisory clause shall be indicated after (Note 1):  
“Trading commissions, securities transaction taxes and other expenses include, of the amount paid by the mother fund incorporated by this fund, the amount corresponds to the fund.”

#### B. Considerations in Labeling Details of Expenses per 10,000 Units

Points to consider when listing the calculation method of (Note 1) and real numbers

- (a) Trading commissions, securities transaction taxes and other expenses during the period shall be in units of 1,000 yen. (Amounts less than one unit are round off)
- (b) The average number of units of beneficial interest during the period is the simple average of

the number of units remaining as of the end of each month. The unit is 1,000 units. (For funds whose principal is 1 yen per unit, the unit that indicates the base value)

- (c) Trading commissions, securities transaction taxes and other expenses per 10,000 units are rounded off to the nearest yen.
- (d) The average base value during the period is a simple average as of the end of each month.
- (e) Conversion of foreign currencies into Japanese yen shall be made in the following manner:  
Trading commissions, securities transaction taxes and other expenses are the total amount of Japanese currency converted at the medium price as of the end of each month (closing date for the month to which the settlement date belongs).
- (f) Trading commissions, securities transaction taxes and other expenses during the period shall be calculated by adding the amount of each mother fund attributable to baby funds, which shall be calculated in accordance with the statement of dividend income based on the amount paid directly by baby funds.
- (g) When such amount is negative (minus), put (-) in the table.
- (h) For funds with an accounting period of less than 6 months, quantities (a) through (e) of each accounting period shall be calculated and the total amount for the past 6 months before the end of preparation shall be listed. However, it may also be indicated for each settlement of accounts.
- (i) For funds with an accounting period of 6 months or more, the preceding period may also be indicated.
- (j) For direct sales-only funds, it is not necessary to show the item for sales company in the trust fees.
- (k) For the (c) trading commissions and (d) securities transaction taxes of a fund of funds, the amount of commissions and transaction taxes related to the purchase and sale of investment trust securities shall be indicated.
- (l) With regard to investment target funds, a note to the effect that “expenses for each item do not include expenses paid by the investment trust securities (excluding the mother fund) incorporated in this fund” shall be made.

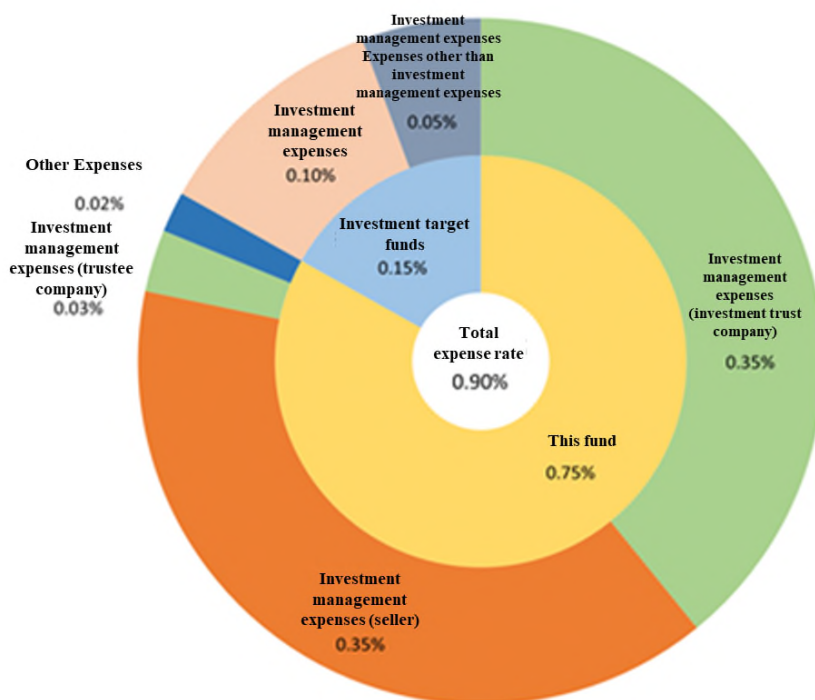
In addition, in accordance with the status of each fund, the note for stating “Those for which “Details of Expenses per 10,000 Units” as of the end of the most recent accounting period of such investment trust certificates can be acquired shall be indicated in the “Summary of Top-Ranked Incorporated Funds,” shall be attached and the itemized expenses shall be made available for reference.

- (m) The “Ratio” column shall be accompanied by a note to the effect that “each amount of expenses per 10,000 units is divided by the average base value during the period and multiplied by 100.”
- (n) In cases such as the amount of expenses other than storage expenses and audit expenses incurred among other expenses is relatively large, notes on the contents of individual and specific expenses shall be entered as necessary.



(iv) (Reference information) total expense rate

A. Indication Examples



Total Expense Rate ((i) + (ii) + (iii))	0.90%
(i) Ratio of expenses of this fund	0.75%
(ii) Ratio of investment management expenses of the investment target funds	0.10%
(iii) Ratio of non-investment management expenses of the investment target funds	0.05%

(Note 1) Expenses in (i) are calculated by the simplified method used in the details of expenses per 10,000 units.

(Note 2) Each expense, in principle, does not include subscription fees, trading commissions and securities transaction taxes.

(Note 3) Each percentage is calculated on an annual basis.

(Note 4) Investment target funds is the investment trust security (excluding the mother fund) that are incorporated by this fund.

(Note 5) Expenses in (i) include expenses paid by the mother fund and do not include expenses paid by the investment target funds.

(Note 6) The period for which expenses in (i) and expenses in (ii) and (iii) are included may differ.

(Note 7) Figure is calculated on the above premises. For this reason, these values are for information only and differ from the ratio of actual expenses incurred.

**B. (Reference Information) Considerations in Labeling the Total Expense Rate**

- (a) The ratio of investment management expenses and other expenses shall be the ratio (per annum) of each expense during the period used in the details of expenses per 10,000 Units.
- (b) When there are investment target funds, notes shall be provided on the matters in (Note 4) through (Note 6).
- (c) For a fund of funds, the total sum of (i) Ratio of expenses of this fund (the value obtained, in principle, by subtracting the rate of subscription fees, trading commissions and securities transaction taxes from the total listed in “Details of Expenses per 10,000 Units” and calculating this rate on an annual basis), (ii) Ratio of investment management expenses of the investment target fund (the simplified method in which the value obtained by subtracting the rate of “investment management expenses (trust fees) of this fund” from the rate of “substantial investment management expenses (trust fees)” listed in the prospectus (hereinafter referred to as the “investment management expenses rate (simplified)”) may be used.) and (iii) Ratio of non-management and administrative expenses of the investment target fund (excluding, in principle, subscription fees, trading commissions, and securities transaction taxes) (the simplified method, in which the rate obtained by subtracting the investment management expenses rate (simplified) from the total expense rate of the investment target fund in question), may also be used.) shall be indicated in a pie graph as the total expenses ratio.

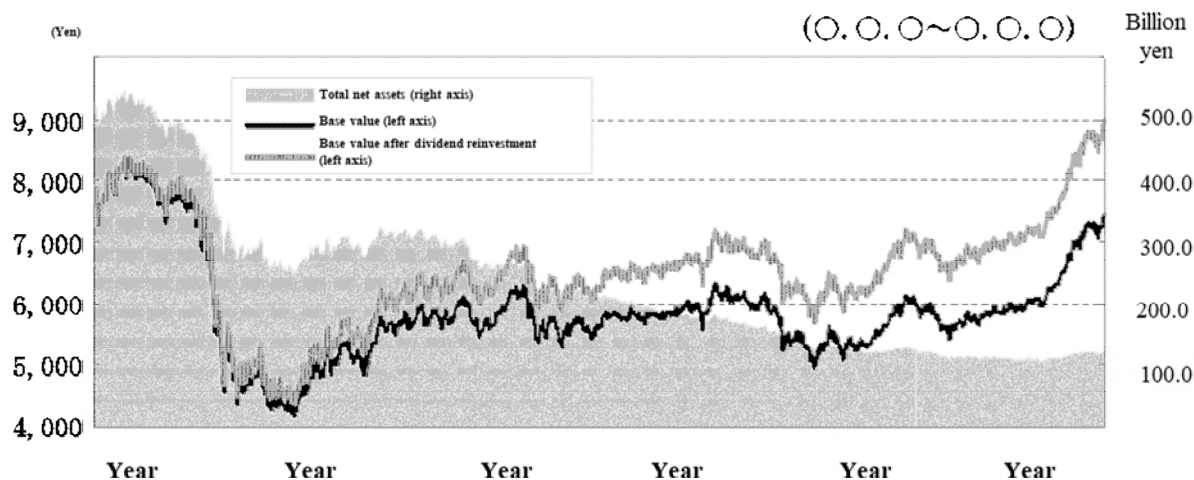
In making such entries, such information shall be disclosed in as much detail as possible, and such necessary notes as those in (Note 7) shall be made so as not to cause misunderstanding to the beneficiary.

When (iii) Ratio of expenses other than management and administrative expenses of the investment target fund cannot be assessed, the name of the disclosure item shall be “expense rate (excluding expenses other than management and administrative expenses of the investment target fund)” and it shall be noted to the effect that “in some cases, there may be expenses other than the investment management expenses in the investment target fund which are not included in the above.”

- (d) For funds other than fund of funds, the above table shall be omitted.

(v) Changes in the base value, etc. over the last five years

A. Indication Examples



	Beginning of the period: MM/DD/YYYY	Settlement date: MM/DD/YYYY	Settlement date: MM/DD/YYYY	Settlement date: MM/DD/YYYY	Settlement date: MM/DD/YYYY	Settlement date: MM/DD/YYYY
Base value (Yen)						
Total dividends per period (including tax) (Yen)						
The fluctuation rate in the base value after dividend reinvestment (%)						
The fluctuation rate of AAA Index (in yen) (%)						
The fluctuation rate of BBB Index (in yen) (%)						
The fluctuation rate of CCC Index (in yen) (%)						
Total net assets (million yen)						
(Note) AAA Index (in yen), BBB Index (in yen), CCC (in yen) are reference indices for this fund. The reference index is listed as a representative index that explains the market trends of investment target assets.						

● Reference Index

- AAA Index is .....
- BBB Index is .....
- CCC Index is .....
- For overseas indices, the local closing price on the previous business day is adopted in consideration of reflection in the base value.

B. Labeling Considerations

- (a) The changes in the base value, in the base value after dividend reinvestment, and in the amount of total net assets over the last five years shall be depicted in one chart.
- (b) The changes in the base value and the changes in the base value after dividend reinvestment shall be indicated on a line graph and it shall be stated that the left axis indicates the unit of measurement.
- (c) The line graph shall be accompanied by a bar graph or area graph of the change in total net assets, and it shall be indicated that the unit is on the right axis.
- (d) The fluctuation rate of base values, dividend per period (including tax), benchmark (if there is no benchmark, reference index for stock indices, etc., shall be used.) and the total net assets on the settlement dates for the past five years shall be depicted using charts. For funds whose accounting period is six months or less than six months, each settlement date shall be deemed

to be a fixed settlement date for each fiscal year.

- (e) In principle, benchmarks (or reference indices such as stock indices if no benchmarks are available) shall be depicted in such charts, and if it cannot be included, the specific reasons shall be indicated.
- (f) When presenting reference indices such as stock indices, etc., such indices shall be shown below the chart with reference to the following notes:
  - (Example) The ○○○ Index, △△△△ Index, and ×××× Index are reference indices for this fund. Reference indices are listed as representative indices that explain the market prices of the investment target asset.
- (g) When reference indices such as stock price indices are included, “Reference Indices” and an explanation of the relevant indices shall be indicated below the chart.
- (h) Even if actual investment is less than five years, the horizontal axis of the graph shall be five years.

(vi) Investment environment

When indicating, explanations shall be concise and easy to understand in writing for each asset incorporated.

(vii) Portfolio of the investment trust

The display shall include a concise and easy-to-understand explanation in writing, of the progress and results of investment during the current period for each asset incorporated, based on the investment policy described in the “Purpose and Features of the Fund” section of the Delivery Prospectus.



**Fund with an accounting period of less than six months (Example of monthly settlement)**

(Units: yen / %, per 10,000 shares before taxes)

Item	__th Period	__th Period	__th Period	__th Period	__th Period	__th Period
	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY	MM/DD/ YYYY - MM/DD/ YYYY
Dividends for the Period (Ratio to base value)						
Revenue for the Period						
Income Other Than Revenue for the Period						
Amount Subject to Distribution Carried Forward to the Next Period						

**Fund with an accounting period of 6 months or more (Example of 1-year settlement)**

(Units: yen / %, per 10,000 shares before taxes)

Item	__th Period
	MM/DD/YYYY - MM/DD/YYYY
Dividends for the Period (Ratio to base value)	
Revenue for the Period	
Income Other Than Revenue for the Period	
Amount Subject to Distribution Carried Forward to the Next Period	

**B. Labeling Considerations**

- (a) The status of each accounting period during the period for preparation of the Investment Reports (Delivery Version) shall be stated separately.
- (b) Units for display shall be about 10,000 units (meaning the unit that indicates the base value; the same shall apply hereinafter.).
- (c) “Dividends for the Period” indicates “(Ratio to base value),” in which case it shall be noted that the ratio to base value is the ratio to the base value at the end of the period (including dividends) to dividends for the period including tax, which is different from the rate of return of the fund.
- (d) “Revenue for the Period” shall indicate the sum of the amounts allocated for distribution for the period from “Revenues from dividends, etc. after deduction of expenses” and “Gains on sale after deduction of expenses and compensation for loss carried forward (including valuation gains).”
- (e) “Income Other Than Revenue for the Period” shall indicate the total amount allocated for distribution for the period from the “reserve for dividends” and the “revenue adjustment.”

- (f) When calculating “Revenue for the Period” and “Income Other Than Revenue for the Period,” if there is any amount less than the decimal point per 10,000 shares, such amount shall be added up including the amount less than the decimal point, and the amount added up shall be rounded down to the decimal point.

If there is no numerical value in a corresponding column, “-” shall be indicated, and if there is only a numerical value after the decimal point, “0” shall be indicated.

“Revenue for the Period” and “Income Other Than Revenue for the Period” are rounded down to the nearest whole number. If the total amount of revenues for the period does not match the amount of “Dividends for the Period,” such fact shall be indicated in the notes. Even if the numbers are matched, the fact of such also may be noted.

- (g) “Amount Subject to Distribution Carried Forward to the Next Period” shall indicate the amount obtained by deducting “Dividends for the Period” from “Amount Available for Distribution of Revenues for the Period.”

## (2) Future Investment Policy

The future investment policy, based on the investment policy in the “Purpose and Features of the Fund” section of the Delivery Prospectus, shall be indicated in a concise and easy to understand manner in writing for each asset incorporated.

## (3) Notice

### A. Indication Examples

#### ○ Concerning Changes in Management System

During the preparation period, a credit research team was organized in the department involved in deciding on the investment policy. The team aims to strengthen the ability to analyze the creditworthiness of companies targeted for investment by comprehensively organizing and utilizing information from rating agencies.

### B. Labeling Considerations

- (a) In the event that there is a change in the contracts of the investment trust during current period that is deemed important by the management company, or if there is a change in the management system or some other change that is deemed important by the management company, the details of such change shall be displayed.

#### (4) Overview of the Investment Trust

##### A. Form Examples

Instrument Classification	Open Type / Overseas / Combined Assets	
Trust Period	Indefinite	
Investment Policy	The Fund will invest in overseas public corporate bonds, real estate investment trust securities, and shares as its principal investment targets, aiming to achieve medium- to long-term growth of its trust properties by securing stable dividend and acquiring gains on valuation.	
Major Investment Target	This Fund	(i) Beneficiary Certificates of Global Sovereign Mother Fund (ii) Beneficiary Certificates of Overseas REIT Mother Fund (iii) Beneficiary Certificates of Overseas High Dividend Stock Mother Fund
	Global Sovereign Mother Fund	Overseas Public and Corporate Bonds, etc.
	Overseas REIT Mother Fund	Beneficiary Certificates of a Real Estate Investment Trust or Investment Securities of a Real Estate Investment Corporation Listed on Overseas Financial Instruments Exchanges or Registered Over-the-Counter (including scheduled listing and registration )
	Overseas High Dividend Stock Mother Fund	Shares Listed on Overseas Financial Instruments Exchange and Those Registered Over-the-Counter (including scheduled listing and registration )
Method of Managing the Fund	(i) The beneficiary certificates of each mother fund shall be incorporated by one-third of the total net assets of each trust property. (ii) Currency hedging for avoiding the risk of fluctuations in exchange rates is not performed on assets denominated in foreign currency.	
Distribution Policy	The amount to be distributed includes profits such as dividends after deducting expenses and gains on transactions (including appraisal profits), etc., and, in principle, is aimed to make stable distributions on an ongoing basis. Depending on the level of base value, etc., distributions may be made mainly from gains on transactions, etc., (including valuation gains) in consideration of the level of distribution resources for continuing stable distribution in the future. However, if the amount to be distributed is small, distribution may not be made.	

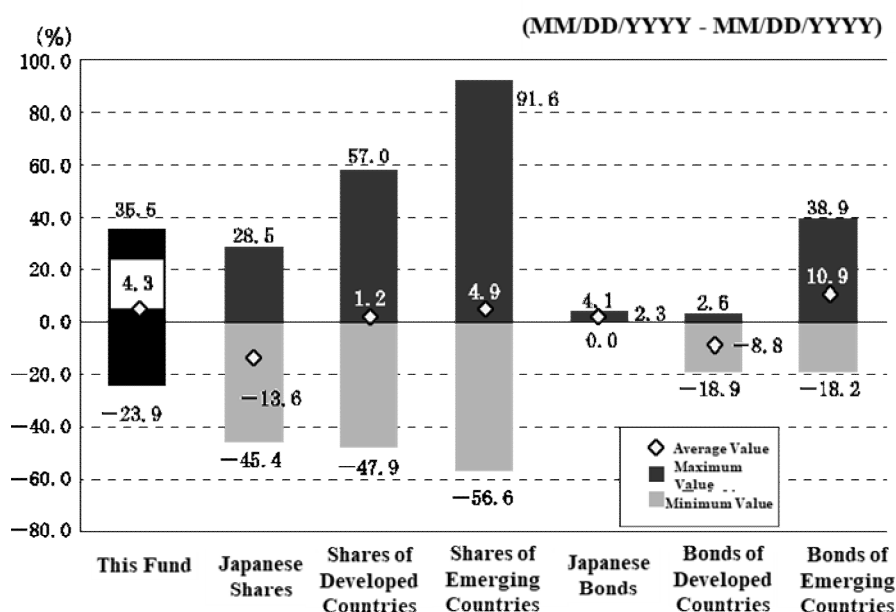
##### B. Labeling Considerations

- (a) When displaying the summary of such investment trusts, the instrument classification, trust period, investment policy, principal investment targets, investment method and distribution policy shall be indicated.



(5) Comparison of Fluctuation Rates with Typical Asset Classes

A. Indication Examples



(Average fluctuation rate, annual maximum fluctuation rate and minimum fluctuation rate (%) of the fund and other typical asset classes)

	This Fund	Japanese Shares	Shares of Developed Countries	Shares of Emerging Countries	Japanese Bonds	Bonds of Developed Countries	Bonds of Emerging Countries
Average Value	+4.3	-13.6	+1.2	+4.9	+2.3	-8.8	+10.9
Maximum Value	35.5	28.5	57.0	91.6	4.1	2.6	38.9
Minimum Value	-23.9	-45.4	-47.9	-56.6	0	-18.9	-18.2

(Note) Not all asset classes are investment targets of the fund.

\* The average, maximum, and minimum one-year fluctuation rates during the five-year period from month \_\_\_\_ of year \_\_\_\_ to month \_\_\_\_ of year \_\_\_\_ are shown for this fund and other typical asset classes.

\* Index for each asset class

- Japanese Shares ..... ○○○○
- Shares of Developed Countries ..... ○○○○
- Shares of Emerging Countries ..... ○○○○
- Japanese Bonds ..... ○○○○
- Bonds of Developed Countries ..... ○○○○
- Bonds of Emerging Countries ..... ○○○○

(Note) Overseas indices are converted into yen on the assumption that investments are made without exchange hedging.

B. Labeling Considerations

- (a) The image diagram is for illustrative purposes and shall be indicated in accordance with the investment trust instruments handled by each company. When the average, maximum, and

minimum fluctuation rates are shown in the diagram, “(Average fluctuation rate, annual maximum and minimum fluctuation rate (%) for this fund and other typical asset classes)” does not need to be shown.

- (b) The fluctuation rate in the image chart is those as of the end of the most recent month and not the data as of the settlement date. So for example, statements such as “The above fluctuation rate is a result of calculation dating back 60 months from the end of the most recent month and is different from the figure corresponding to the settlement date.” shall be made with originality and ingenuity.

(6) Data on the investment trust in question

(i) Details of assets incorporated in the investment trust

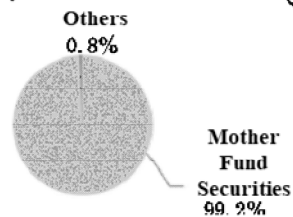
A. Indication Examples

○ Incorporated (Top Ranking) Funds (Issues)

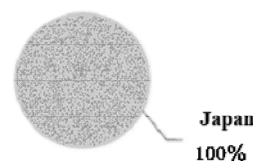
	End of ○th period
	MM/DD/YYYY
Global Sovereign Mother Fund	32.8%
Overseas REIT Mother Fund	32.8
Overseas High Dividend Stock Mother Fund	33.3
Others	0.8

(Note) The ratio of incorporation is the ratio of the appraised value of each mother fund to the total amount of net assets.

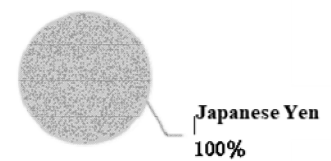
○ Shares by Asset



○ Shares by Country



○ Shares by Currency



(Note) The ratio of shares by country is the ratio of appraised value to the portfolio portion.

B. Labeling Considerations

- (a) The indication examples are for illustrative purposes and shall be described according to the investment trust instruments handled by each company.
- (b) When presenting the contents of the incorporated assets as of the last day of the preparation period, the top ranking issues on the last day of the preparation period shall be displayed, and the ratio of incorporation thereof shall be indicated by using charts and diagrams, and shares by assets, countries and currencies shall be presented by using pie charts.
- (c) If the investment trust is a family fund method or a fund of funds, the top three funds or more on the last day of the accounting period (the last day of the preparation period) shall be listed and the ratio of incorporation for each shall be described.
- (d) A note to the effect that “Detailed information, etc. regarding all issues are described in the Investment Report (Full Version).” shall be indicated.

(2) Net Assets, etc.

A. Indication Examples

Item	End of __th Period	End of __th Period	End of __th Period	End of __th Period	End of __th Period	End of __th Period
	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY
Total Net Assets	Yen	Yen	Yen	Yen	Yen	Yen
Total Number of Units of Beneficial Interest	units	units	units	units	units	units
Base Value per 10,000 Units	Yen	Yen	Yen	Yen	Yen	Yen

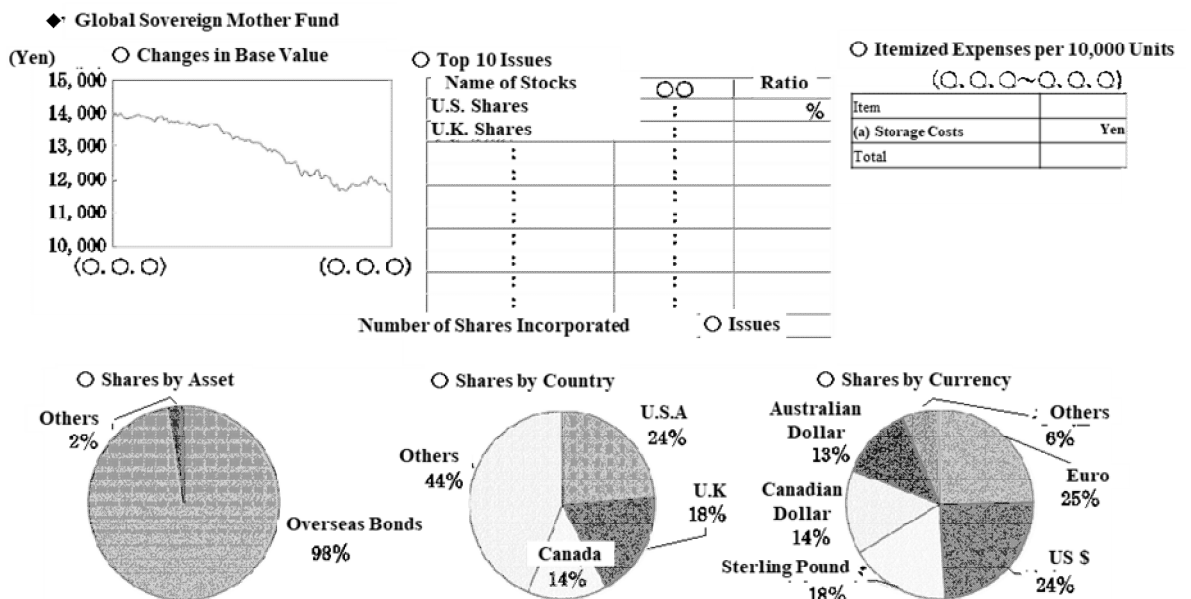
\* The additional principal amount for establishment during the preparation period (from the \_\_th period to the \_\_th period) is \_\_\_\_\_ yen, and the cancellation principal amount is \_\_\_\_\_ yen.

B. Labeling Considerations

- (a) The image diagram is for illustrative purposes and shall be indicated in accordance with the investment trust instruments handled by each company.
- (b) In presenting net assets, etc. during the preparation period, the total amount of net assets, the total number of units of beneficial interest and the base value per 10,000 units shall be presented at the end of each period. At the same time, the additional principal amount for establishment and the cancellation principal amount during the preparation period shall be noted outside the table.

(iii) Overview of top-ranked incorporated funds

A. Indication Examples





preparation period, the change in the base value for each issue of funds incorporated as of the last day of preparation period, the top 10 or more issues, the ratio of incorporation for each issue and the total number of issues, details of expenses per 10,000 units, share by assets, share by countries and share by currencies as of the last day of the preparation period of the investment target funds shall be presented in accordance with the features of the funds in the Delivery Prospectus.

The change in base value shall be presented by using a line graph, and the top 10 or more issues, the ratio of incorporation for each issue and the number of all issues as well as the details of expenses per 10,000 units as of the last day of the preparation period of the investment target funds shall be presented by using a table. In addition, shares by assets, shares by country and shares by currency shall be presented by using a pie chart. When presenting the top 10 or more issues, items such as currency, category, country of investment, etc., deemed necessary may be combined for presentation.

- (c) In the case of a fund of funds, etc., where it is not possible to obtain such information for the “Details of expenses per 10,000 units” in (b) above, a note to that effect shall be provided.
- (d) In the case of a family fund method or a fund incorporated into a fund of funds, the top 10 or more issues as of the last day of the most recent accounting period (the last day of the preparation period) shall be described, and the ratio of incorporation for each issue and the number of all issues shall be described.
- (e) In cases where there are two or more layers in the structure of investment target funds, a pie chart shall be displayed according to the number of hierarchical structures, or for funds beyond the funds invested in, a pie chart shall be displayed so that the actual asset composition of funds invested in can be seen.

At that case, since the composition of assets that the funds invest in is shown clearly, it should be noted that it is necessary to include a note such as “Although the fund (beneficial interest) is directly invested, the investment assets beyond that are shown.”

Attached Table 2

**Presentation Details of a Fund That Is an Open Investment Trusts for Investment in Public and Corporate Bonds and Settles its Accounts on a Day-to-Day Basis**  
(Article 14 of the Rules)

1. Dividends per 10,000 Units

A. Form Examples

Notice of Dividends Per 10,000 Units (from MM/DD/YYYY to MM/DD/YYYY)

Month	Dividends per 10,000 Units				
	Including Tax	Income Tax	Local Tax	Total Withholding Tax	Net Proceeds
MM					
MM					
MM					
MM					
MM					
MM					

(Note) Dividends are the cumulative total of each month from the last business day in the previous month to the day before the last business day in the current month.

B. Labeling Considerations

Dividends, etc. for each month during the preparation period shall be displayed.

2. Status of Assets, Liabilities, Principal and Base Value

Form Examples

(End of preparation period: as of MM/DD/YYYY)

Status of Assets, Liabilities, Principal and Base Value											
Assets							Liabilities	Total Net Assets		Principal	Base Value per 10,000 Units
Public and Corporate Bonds		Other securities		Call Loans, etc. Other Assets		Total		Foreign Currency-Dominated Net Asset Ratio	Principal		
Amount	Ratio	Amount	Ratio	Amount	Ratio						
million yen	___ %	million yen	___ %	million yen	___ %	__ million yen	million yen	_ million yen	___ %	million yen	yen

(Note 1) The average number of days remaining as of MM/DD is \_\_\_\_\_. (Only for funds for comprehensive securities accounts)

(Note 2) The amount carried forward for next period as of MM/DD is \_\_\_\_\_.

(Note 3) The ratio is to the total amount of investment trust property (\_\_\_\_ million yen).

### 3. Status of Trading and Profit and Loss

#### A. Form Examples

(Preparation period: from MM/DD/YYYY to MM/DD/YYYY)

Status of Trading for Incorporated Securities				Status of Futures Transactions				Status of Profit and Loss		
Purchased		Sold		Buy contracts		Sell contracts		Operating Profit and Loss	Trust Fees	Income Distribution
Public and Corporate Bonds	Other Securities	Public and Corporate Bonds	Other Securities	New purchase price	Settlement price	New sell price	Settlement price			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]			

(Notes) 1. Purchase and sale of public and corporate bonds shall be made in the amount of delivery (excluding accrued interest).

The figures in parentheses ( ) represent the decrease due to redemption and are not included in the figures in the upper rows.

2. The transaction balance (appraised value) of the futures transactions as of MM/DD is \_\_\_ hundred million yen for the amount of purchases and \_\_\_ hundred million yen for the amount of sales. (Notes on China F, MMF, Interest F, FFF.)

3. The total amount, in parentheses [ ], of the Status of Trading for Incorporated Securities during the period and of the Status of Futures Transactions is the amount of transactions by interested parties.

\* “The interested party is an interested party as defined in Article 11, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, and an interested party of the fund for the current period under review is \_\_\_\_.”

#### B. Labeling Considerations

- The status of trading and profit and loss during the preparation period shall be shown in total, but may be shown on a monthly basis.
- Regarding the trading status of assets and incorporated securities, it is permissible to classify and display foreign currencies.
- The amounts of assets, liabilities, principal, sales and purchases, and profits and losses may be indicated in units of 1,000 yen.
- Any notes stipulated in the Ordinance on Accountings of Investment Trust Property shall be noted.
- When the price, etc. of specified assets has been investigated, a summary of the results and method of the investigation shall be indicated.

#### 4. Status of In-house Establishment and Cancellation of this Fund

##### A. Form Examples

Beginning balance (principal)	Principal established for the period	Principal cancelled early during the period	Balance at end of period (principal)	Reason for transaction
Millions of yen	Millions of yen	Millions of yen	Millions of yen	

##### B. Labeling Considerations

The reason for transaction shall be indicated separately in each of the items of Article 6-2, Paragraph 1 of the Rules on Full Members' Business Operations, Etc.

#### 5. Disclosure of Incorporated Bonds

##### (1) Disclosure by Bond Type

##### A. Form Examples

##### a. Domestic (Yen-Denominated) Public and Corporate Bonds

##### ○ Statement of Incorporated Securities

(End of preparation period: as of MM/DD/YYYY)

Category	Face Value	Appraised Value	Ratio of incorporation	Of which, ratio of incorporation of assets rated BB or lower	Ratio of incorporation by remaining period		
					5 years or more	2 years or more	Less than 2 years
National Government Bonds	Millions of yen ( )	Millions of yen ( )	% ( )	% ( )	% ( )	% ( )	% ( )
Municipal Bonds							
Special Bonds (Excluding financial bonds)							
Financial Bonds							
Corporate Bonds with Stock Options (Convertible bonds)							
Straight Bonds							
Total							

(Note 1) Ratio of incorporation is the ratio of appraised value to the total amount of assets.

(Note 2) ( ) is an intermediate-term national government bonds and is written in parentheses. (Intermediate-term national government bond funds only)



b. Foreign (Foreign Currency Denominated) Public and Corporate Bonds

○ Statement of Incorporated Securities

(End of preparation period: as of MM/DD/YYYY)

Category	Face Value	Appraised Value		Ratio of incorporation	Of Which, ratio of incorporation of assets rated BB or lower	Ratio of incorporation by remaining period		
		Amount denominated in foreign currency	Amount in Japanese yen			5 years or more	2 years or more	Less than 2 years
U.S.A.	Thousand USD	Thousand USD	Millions of yen	%	%	%	%	%
U.K.	Thousand pounds	Thousand pounds						
-								
-								
Total								

(Note 1) The amount converted into Japanese yen is converted into yen based on the current Telegraphic Transfer Middle Rate (TTM) for customers.

The applicable exchange rate is \_\_\_\_.

(Note 2) Ratio of incorporation is the ratio of appraised value to the total amount of assets.

B. Labeling Considerations

(Considerations in Labeling of Domestic (Yen-Denominated) Public and Corporate Bonds)

- (a) The rate of incorporation for MMFs by remaining period is presented separately for periods of one year or more and for periods of less than one year.
- (b) For funds for comprehensive securities accounts, it shall not be necessary to indicate the ratio of incorporation of assets rated BB or lower and the ratio of incorporation by remaining period.
- (c) The rate of incorporation shall be the ratio of appraised value to the total amount of assets, unless such ratio is likely to make it impossible to accurately indicate the status of the investment trust property.

(Considerations in Labeling of Foreign Public and Corporate Bonds (Foreign Currency Denominated))

- (a) MMFs and free financial funds shall be shown.
- (b) The rate of incorporation for MMFs by remaining period is presented separately for periods of one year or more and for periods of less than one year.
- (c) The rate of incorporation shall be the ratio of appraised value to the total amount of assets, unless such ratio is likely to make it impossible to accurately indicate the status of the investment trust property.

(2) Disclosure of Individual Issues (Japanese Yen and Foreign Currency Denominated)

A. Form Examples

a. Domestic (Yen-Denominated) Public and Corporate Bonds

○ Statement of Incorporated Securities

As of MM/DD/YYYY				
Issue	Rate	Face Value	Appraised Value	Redemption Date
(National government bonds)		Thousands of yen	Thousands of yen	
-				
Sub total	-	-		-
(Municipal bonds)				
-				
Sub total	-	-		-
( . . . )				
-				
Sub total	-	-		-
Total	-	-		-

b. Foreign (Foreign Currency Denominated) Public and Corporate Bonds

○ Statement of Incorporated Securities

Preparation Period	As of MM/DD/YYYY					
Issue	Type	Rate	Face Value	Appraised Value		Redemption Date
				Amount denominated in foreign currency	In Japanese yen	
(U.S.A.) Issue				Thousands of USD	Thousands of yen	
-						
Sub total	-	-	-	-	Thousands of yen	-
(U.K.) Issue				Thousand pounds	Thousands of yen	
-						
Sub total	-	-	-	-	Thousands of yen	-
( . . . ) Issue				Thousand ...	Thousand ...	
-						
Sub total	-	-	-	-	Thousands of yen	-
Total	-	-	-	-	Thousands of yen	-

(Note) The amount converted into Japanese yen is calculated by converting the market value at the end of the period into Japanese yen using the Telegraphic Transfer Middle Rate (TTM) for customers in Japan.

## B. Labeling Considerations

- (a) The types of bonds in the Issue column in the table of A Domestic Public and Corporate Bonds shall be classified into the following categories: national government bonds, municipal bonds, special bonds (excluding financial bonds), financial bonds, corporate bonds with stock options (convertible bonds), straight bonds and other bonds.

## 6. Additional Disclosures of MMF

- (1) Ratio of incorporated assets by rating to total net assets

### A. Form Examples

(as of MM/DD/YYYY)

Public and corporate bonds		Short-Term Financial Assets	
Rating	Ratio of incorporation	Rating	Ratio of incorporation
AAA		A-1	
AA		A-2	
A		A-3	
BBB		NR	
BBB-		Other Assets	
Less than or equal to BB			
A- equivalent or higher		A-2 equivalent or higher	
BBB equivalent or higher			
National government bonds, government guaranteed bonds, municipal bonds			
Total		Total	

(Note 1) The ratio of incorporation is the ratio of appraised value to the total amount of net assets.

(Note 2) “A- equivalent or higher” and “BBB equivalent or higher” for public and corporate bonds and “A-2 equivalent or higher” for short-term financial assets are determined based on the guidelines prepared by the company in accordance with the voluntary rules of the Investment Trust Association, Japan, “Rules for Operations of MMF, etc.” The figures in the upper section of “BBB equivalent or higher” and “A-2 equivalent or higher” are those with credit ratings from one credit rating agency, etc., (meaning a credit rating agency as defined in Article 2, Paragraph 36 of the Financial Instruments and Exchange Act, and a specified affiliated corporation as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007); the same shall apply hereinafter. ) The figures in the bottom section are those without credit ratings from credit rating agencies, etc.

(Note 3) Other assets are designated money trusts, accounts receivable, accounts payable, etc.

## B. Labeling Considerations

- (a) Information on MMF shall be shown.
- (b) The credit ratings indicated may also be based on the credit ratings by credit rating agency, etc., adopted by each company.

- (c) For “A- equivalent or higher,” “BBB equivalent or higher” and “A-2 equivalent or higher” those determined by the guidelines prepared by each company shall be displayed.
- (d) When any of the items in (c) above ceases to apply, the ratio of such assets shall be noted in the margin.

## 7. Details of Expenses per 10,000 Units

### A. Form Examples

Item	Preparation Period		Summary of Items
	(MM/DD/YYYY - MM/DD/YYYY)		
	Amount	Ratio	
(a) Trust Fees (Investment trust company) (Seller) (Trustee company)	Yen	%	Where described in (Note 1): (☆1) Where described in (Note 1): (☆2) Where described in (Note 1): (☆3) Where described in (Note 1): (☆4)
(b) Subscription Fees			
(c) Trading Commissions (Corporate bonds with stock options (convertible bonds)) (Futures and options)			Where described in (Note 1): (☆5)
(d) Securities Transaction Tax (Corporate bonds with stock options (convertible bonds)) (Public and corporate bonds)			Where described in (Note 1): (☆6)
(e) Other Expenses (Storage Costs, etc.) (Audit expenses) (Other Typical Expenses)			Where described in (Note 1): (☆7)
Total			

(Note 1)

In the following Notes, (☆) shall be inserted in the right column of the table, and each company shall insert other items as it deems necessary.

(Marginal notes) Overview of items

Expenses during the preparation period (including consumption tax, if applicable) are calculated using the simplified method because the number of units of beneficial interest fluctuates as a result of addition or early cancellation.

(The method of calculation shall be described, but real numbers may be omitted.)

(☆ 1) (a) Trust fees= [Average base value during preparation period] x Trust fee rate

The average base value during the preparation period is 10,000 yen.

The “Ratio” column indicates the ratio obtained by dividing the each amount of expenses per 10,000 units by the average base value during the period and multiplying 100.

(☆2) Compensation for management of the entrusted funds

The following job description of items for compensation are examples used for examples.

- (☆2) Compensation for management of the entrusted funds
- (☆3) Compensation for sending various documents such as the Investment Report (Delivery Version), managing the fund in the account, and providing information after purchase
- (☆4) Compensation for management of investment property and execution of instructions from investment trust companies

$$\text{(☆5) (c) Trading commissions} = \frac{\text{Trading commissions during preparation period}}{\text{[Average number of units of beneficial interest during the preparation period]}}$$

Trading commissions are fees to be paid to brokers for the purchase and sale of securities

$$\text{(☆6) (d) Securities transaction tax} = \frac{\text{[Securities transaction tax during preparation period]}}{\text{[Average number of units of beneficial interest during the preparation period]}}$$

The securities transaction tax is a tax on transactions arising from each transaction of securities.

$$\text{(☆7) (e) Other expenses} = \frac{\text{[Other expenses during preparation period]}}{\text{[Average number of units of beneficial interest during the preparation period]}}$$

#### Other Expenses

- Storage expenses are expenses required for the storage of securities, remittance of funds, and transfer of assets that are paid to overseas storage banks, etc.
- Audit expenses are expenses related to audits of the fund to be paid to the auditing corporation or entity.
- For expenses incurred other than those described above, concrete items shall be listed and the nature of services shall be described.

## B. Considerations in Labeling Details of Expenses per 10,000 Units

Points to consider when listing the calculation method of (Note 1) and real numbers

- (a) Trading commissions, securities transaction taxes and other expenses during the preparation period shall be in units of 1,000 yen. (Amounts less than one unit are round off)
- (b) The average number of units of beneficial interest during the preparation period is the simple average of the remaining units at the end of each month. The unit is 1,000 units. (For funds whose principal is 1 yen per unit, the unit that indicates the base value)
- (c) Trading commissions, securities transaction taxes and other expenses per 10,000 units are rounded off to the nearest yen.
- (d) Average base value during the preparation period is a simple average as of the end of each month.
- (e) Conversion of foreign currencies into Japanese yen shall be made in the following manner:

Trading commissions, securities transaction taxes and other expenses are the total amount of Japanese currency converted at the medium price as of the end of each month (closing date for the month to which the settlement date belongs).

- (f) When such amount is negative (minus), put (-) in the table.

Attached Table 3

## Forms and Indication Example for Monthly Disclosure of MMF and MRF

(Article 16, Paragraph 3 and Article 16-2, Paragraph 3 of the Rules)

### ○ Monthly Disclosure of MMF

#### 1. Balance and Ratio of Incorporated Assets by Type

##### A. Form Examples

Created Monthly	As of MM/DD/YYYY		
Category	Face Value	Appraised Value	Ratio of
	Millions of yen	Millions of yen	%
National Government Bond Certificates			
Municipal bond			
Special Bonds (Excluding financial bonds)			
Financial bonds			
Straight bonds			
Corporate Bonds with Stock Options (Convertible bonds)			
CP			
CD	–		
Other Assets	–		
Total	–		

(Note 1) Other assets include call loans, deposits, accounts receivable, accounts payable, etc.

(Note 2) The ratio of incorporation is the ratio of appraised value to the total amount of net assets.

##### B. Considerations in Preparation

The ratio of incorporation may also be a ratio to the total amount of assets.

#### 2. Status of Incorporation Rate by Top Five Issuers of Public and Corporate Bonds (Excluding National Government Bonds and Financial Bonds), Financial Bonds, CP, CD, etc.

##### A. Form Examples

(as of MM/DD/YYYY)

Ranking	Incorporation Ratio of Incorporated Assets by Issuer (Top 5 Companies)							
	Public and corporate bonds		Financial Bonds		CP		CD, etc.	
	Name of Issuer	Ratio of incorporation	Name of Issuer	Ratio of incorporation	Name of Issuer	Ratio of incorporation	Name of Issuer	Ratio of incorporation
1								
2								
3								
4								
5								

(Notes) 1. “National government bonds, etc.” means Japanese government bonds (including Financing Bills.), government-guaranteed bonds.

2. For CD, etc., refers to CD, call loan, etc. (excluding calls secured by secured government bonds, etc.)

B. Considerations in Preparation

The ratio of incorporation may also be a ratio to the total amount of assets.

3. Ratio of Incorporated Assets by Rating to Total Net Assets

A. Form Examples

(as of MM/DD/YYYY)

Public and corporate bonds		Short-Term Financial Assets	
Rating	Ratio of	Rating	Ratio of
AAA		A-1	
AA		A-2	
A		A-3	
BBB		NR	
BBB-		Other Assets	
Less than or equal to BB			
A- equivalent or higher		A-2 equivalent or higher	
BBB equivalent or higher			
National government bonds, government guaranteed bonds, municipal bonds			
Total		Total	

(Note 1) The ratio of incorporation is the ratio of appraised value to the total amount of net assets.

(Note 2) “A- equivalent or higher” and “BBB equivalent or higher” for public and corporate bonds and “A-2 equivalent or higher” for short-term financial assets are determined based on the guidelines prepared by the company in accordance with the voluntary rules of the Investment Trust Association, Japan, “Rules for Operations of MMF, etc.” The figures in the upper sections of “BBB equivalent or higher” and “A-2 equivalent or higher” are those with credit ratings from one credit rating agency, etc., and the figures in the lower sections are those without credit ratings from a credit rating agency, etc.

(Note 3) Other assets are designated money trusts, accounts receivable, accounts payable, etc.

B. Considerations in Preparation

(a) The credit ratings indicated may also be based on the credit ratings by the credit rating agency, etc., adopted by each company.

(b) For “A- equivalent or higher,” “BBB equivalent or higher” and “A-2 equivalent or higher” those determined by the guidelines prepared by each company shall be displayed.

(c) When any of the items in (b) above ceases to apply, the ratio of such assets shall be noted in the margin.

○ Monthly MRF Disclosures

1. Balance and Ratio of Incorporated Assets by Type

A. Form Examples

Created Monthly	As of MM/DD/YYYY		
Category	Face Value	Appraised Value	Ratio of
	Millions of yen	Millions of yen	%
National Government Bond Certificates			
Municipal bond			
Special Bonds (Excluding financial bonds)			
Financial Bonds			
Straight Bonds			
CP			
CD	–		
Other Assets	–		
Total	–		

(Note 1) Other assets include call loans, deposits, accounts receivable, accounts payable, etc.

(Note 2) The ratio of incorporation is the ratio of appraised value to the total amount of net assets.

B. Considerations in Preparation

(a) Face value and appraised value may be omitted.

(b) The ratio of incorporation may also be a ratio to the total amount of assets.

2. Status of Incorporation Ratio of Public and Corporate Bonds and Short-Term Financial Assets by Issuer

A. Form Examples

(as of MM/DD/YYYY)

	Incorporation Ratio of Incorporated Assets by Issuer (Top 10 Companies)			
	Public and Corporate Bonds		Short-Term Financial Assets	
Ranking	Name of issuer	Ratio of incorporation	Name of issuer	Ratio of incorporation
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

(Note 1) “Public and Corporate Bonds” is ○○○○.

(Note 2) “Short-Term Financial Assets” shall mean CP, CD, call loans, etc. (excluding calls secured by government bonds, etc.).



## B. Considerations in Preparation

- (a) The status of the ratio of incorporation of public and corporate bonds and short-term financial assets by issuer shall be indicated in any of the following ways:
- A) The method of indicating the name of the issuer and the ratio of incorporation for each of the public and corporate bonds (meaning straight bonds and financial bonds, and excludes national government bonds, municipal bonds and special bonds ) and short-term financial assets. However, when national government bonds, municipal bonds, and special bonds are included, the top 10 bonds by issuer for both straight bonds and financial bonds, excluding national government bonds, municipal bonds, and special bonds, shall be shown.
- B) The method of indicating the name of the issuer and the ratio of incorporation by adding together the public and corporate bonds and short-term financial assets without classifying them. However, when public and corporate bonds, municipal bonds and special bonds are included, the top 20 bonds by issuer, excluding national government bonds, municipal bonds and special bonds shall be indicated.
- (b) The ratio of incorporation may also be a ratio to the total amount of assets.
- (c) (Note) 1. Explanatory notes for “public and corporate bonds” shall be clearly indicated in addition to the method described in Considerations in Preparation (a) above.

### 3. Ratio of Incorporated Assets by Rating to Total Net Assets

#### A. Form Examples

(as of MM/DD/YYYY)

Public and corporate bonds		Short-Term Financial Assets	
Rating	Ratio of	Rating	Ratio of
AAA		A-1	
AA		A-2	
A		A-3	
BBB or lower		NR	
		Other Assets	
A equivalent or higher		A-2 equivalent or higher	
National government bonds, municipal bonds,			
Total		Total	

(Note 1) The ratio of incorporation is the ratio of appraised value to the total amount of net assets.

(Note 2) “A-equivalent or higher” for public and corporate bonds and “A-2 equivalent or higher” for short-term financial assets are those determined by the guidelines prepared by the company in accordance with the voluntary rules of the Investment Trusts Association, Japan, “Rules for Operations of MMF, etc.” The figures in the upper sections are those with credit ratings from one credit rating agency, etc., and the figures in the lower sections are those without credit ratings from a credit rating agency, etc.

(Note 3) Other assets are designated money trusts, accounts receivable, accounts payable, etc.

## B. Considerations in Preparation

- (a) The credit ratings indicated may also be based on the credit ratings by the credit rating agency, etc.,

adopted by each company.

- (b) “A equivalent or higher” and “A-2 equivalent or higher” shall be determined and indicated in accordance with the guidelines prepared by each company.
- (c) When any of the items in (b) above ceases to apply, the ratio of such assets shall be noted in the margin.
- (d) The item columns for “national government bonds, municipal bonds, special bonds” may be summed up in the appropriate rating columns without classification. In this case, however, it shall be noted that “national government bonds, municipal bonds and special bonds” are included in the appropriate rating column.

## Committee Resolution Concerning Investment Reports, etc., of Real Estate Investment Trusts, etc.

Established on March 19, 2004  
Revised on May 21, 2004  
Revised on April 11, 2006  
Revised on June 13, 2006  
Revised on September 21, 2007  
Revised on June 10, 2008  
Revised on September 9, 2008  
Revised on January 16, 2009  
Revised on September 10, 2009  
Revised on September 15, 2011  
Revised on September 12, 2013  
Revised on January 9, 2014  
Revised on November 20, 2014  
Revised on May 21, 2015  
Revised on July 16, 2015  
Revised on May 18, 2017  
Revised on April 18, 2019

This committee resolution stipulates the form and presentation guidelines of the items to be indicated in connection with the investment report provided in Article 24 and the asset management reports provided in Article 27 to which the Self-Regulation Committee has been delegated pursuant to the Rules for investment reports, etc., for investment trusts and investment corporations.

1. The form and the presentation guidelines of items to be indicated pertaining to the investment report provided in Article 24 of the Rules shall be as shown in Attached Table 4.
2. The form and the presentation guidelines of items to be indicated pertaining to the asset management report provided in Article 27 of the Rules shall be as shown in Attached Table 5.

### Supplementary Provision

This Sub-Committee resolution shall be implemented from April 1, 2004.

### Supplementary Provision

This amendment to the resolution of the subcommittee shall come into effect on May 21, 2004.

### Supplementary Provision

These amendments shall be effective as of May 1, 2006, and shall apply to investment reports for investment trusts and asset management reports for investment corporations with settlement of accounts on and after May 1, 2006.

### Supplementary Provision

This amendment shall come into effect as of July 1, 2006, and shall apply to investment trust management reports and asset management reports of investment corporations whose settlement of accounts comes on or after July 1, 2006.

Supplementary Provision

This amendment shall come into effect on September 30, 2007. However, the amended provisions (excluding Attached Table 5 (22)) shall apply to those whose new accounting period starting on or after the effective date.

Supplementary Provision

This amendment shall come into effect as of June 20, 2008 and shall apply to investment trust management reports and asset management reports of investment corporations whose settlement of accounts comes on or after June 20, 2008.

Supplementary Provision

This amendment shall come into effect as of October 1, 2008 and shall apply to investment trust management reports and asset management reports of investment corporations whose settlement of accounts comes on or after October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on September 16, 2009.

Supplementary Provision

These amendments shall be effective as of September 15, 2011, and shall apply to business periods beginning on and after April 1, 2011; with respect to business periods beginning before that date, the provisions then in force shall remain applicable.

Supplementary Provision

This amendment shall come into effect on September 12, 2013.

Supplementary Provision

This amendment shall come into effect on January 9, 2014.

Supplementary Provision

This amendment shall come into effect as of December 1, 2014 and shall apply to investment trust management reports and asset management reports of investment corporations whose settlement of accounts comes on or after December 1, 2014.

\* The revisions are as follows:

- (1) Attached Table 4 (20): Revised on statement of expenses related to management, etc., (Table) and added (Notes on Entries) 3.

- (2) Newly established Attached Table 5 (23) 2.
- (3) Attached Table 5 (27) (i): Revised on the status of transactions (Table) and (Notes on Entries) 3.
- (4) Attached Table 5 (29) (1): Added items to the balance sheet and added (Notes on Entries) 2. and 3.
- (5) Attached Table 5 (29) (2): Added items to the profit and loss statement
- (6) Attached Table 5 (29) (4): Revised on the statement of changes in investor capital (Table) and added (Notes on Entries) 3. and 4.
- (7) Newly established Attached Table 5 (34) (35).

#### Supplementary Provisions

1. These amendments shall be effective as of the date of enforcement of the amended Ordinance on Investment Corporation's Financial Statements (April 1, 2015).
2. With respect to the asset management report for the business period of the investment corporation that commenced prior to the effective date of this revised resolution of the Committee, the provisions then in force shall remain applicable.

\* The revisions are as follows:

- (1) Attached Table 5 (4): Revised on the distributions results (Table) and (Notes on Entries).
- (2) Attached Table 5 (29) (1): Added (Notes on Entries) 1 and 3 for the balance sheet. Old 1 changed to 2, and old 2 and 3 changed to 4 and 5.
- (3) Attached Table 5 (29) (2): Revised on the (Notes on Entries) for the profit and loss statement.
- (4) Attached Table 5 (29) (3): Revised on the (Notes on Entries) for the statement of cash distributions. Added 3 and 4.
- (5) Attached Table 5 (29) (4): Revised on the (Notes on Entries) for the statement of changes in investor capital.

#### Supplementary Provision

This amendment shall come into effect as of July 16, 2015 and shall apply to investment trust management reports and asset management reports of investment corporations whose settlement of accounts comes on or after July 16, 2015.

\* The revisions are as follows:

- (1) Attached Table 4
  - (12): Revised on the table.
  - (14) (i): Added (Notes on Entries) 5. (ii) to (iii) are newly established. Previous (ii) changed to (iv).
  - (17) and (18): Added tables.
  - (22): Changed the name of the table. Added Table. Revised on (Notes on Entries) 1.
  - (25) and (28): Revised on the table.
  - (29): Change the name of the table. Revised on the table.
- (2) Attached Table 5
  - (12): Revised on the table.
  - (14) (i): Added (Notes on Entries) 5. (ii) to (iii) are newly established. Previous (ii) changed to (iv).
  - (17) and (18): Added tables.
  - (24): Changed the name of the table. Added Table. Revised on (Notes on Entries) 1.

- (27): Revised on the table.
- (29) - (2): Established of new items for the profit and loss statement.
- (30): Revised on the table.
- (31): Changed the name of the table. Revised on the table.

#### Supplementary Provision

This amendment shall come into effect on May 18, 2017.

\* The revisions are as follows:

- (1) Attached Table 4 (14) (ii) b
- (2) Attached Table 5 (14) (ii) b

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

Attached Table 4: form and Presentation Example of Investment Report of Real Estate Investment Trust  
(Article 22 of the Rules)

(1) Changes in investment trust property management status, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Operating Revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Ordinary Income	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Current Period Net Income	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Total Assets	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)
Net Assets	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)
Base Value (Net Asset Amount per Unit)	Yen	Yen	Yen	Yen	Yen
Equity Ratio	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)

(Notes on Entries)

1. “Operating Revenues,” “Ordinary Income,” “Net Income for Current Period,” “Total Assets” and “Net Assets” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. The “Amount of Net Assets per Unit” shall be indicated in units of yen. However, other units may be used.
3. “Equity Ratio” and “Comparison to Previous Period,” shall be rounded off to the second decimal place and indicated to the first decimal place.

(3) Status of Trust Principal, etc.

MM/DD/YYYY	Description	Number of Units of Beneficial Interest Issued		Total Amount of Trust Principal		Remarks
		Increase or decrease	Balance	Increase or decrease	Balance	

(Notes on Entries)

1. The “Description” shall indicate whether it is a “Capital Increase” (public offering or private placement), “Installments” or “Amalgamation,” etc., separately.
2. The “Total Amount of Trust Principal” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. “Remarks” shall indicate the reasons for the act and other matters deemed important for investor protection.

(4) Performance of Distributions, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Total Net Income for Current Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Retained Earnings	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Total Cash Distributions (Distributions per	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Of which, Total Profit Distributions (Profit Distributions	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Of which, Total Return of Investment Principal	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)

(Notes on Entries)

- The amounts of “Total Net Income for Current Period ,” “Retained Earnings,” “Total Cash Distributions,” “Total Profit Distributions,” and “Total Return of Investment Principal” shall be indicated in units of 1,000 yen or 1,000,000 yen, and the amounts of “Distribution Per Unit,” “Profit Distribution Per Unit,” and “Return of Investment Principal per Unit” shall be indicated in units of yen. However, other units may be used when deemed appropriate for the protection of investors.

(12) Composition of Investment Trust Property

	Total Holdings		Proportion to Total Assets		Amount of Assets Held in Foreign Currencies	
	Actual Real Estate Holdings		Proportion to Total Assets	Valuation Gains or Losses of Foreign Exchange	Proportion to Total Assets	
Real Estate	Thousands of yen		%	Thousands of yen	Thousands of yen	%
				Thousands of yen		%
Superficies Rights	Thousands of yen		%	Thousands of yen	Thousands of yen	%
				Thousands of yen		%
Rights of Lease of Real Estate	Thousands of yen		%	Thousands of yen	Thousands of yen	%
				Thousands of yen		%
Trust Beneficiary Interest in Real Estate	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
Silent Partnership Equity	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
Renewable Energy Power Generation Facilities	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
Right to Operate Public Facilities etc.	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
. . . . .	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
Other Assets	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%
Total Assets	Thousands of yen		%	Thousands of yen	Thousands of yen	%
	Thousands of yen		%	Thousands of yen	Thousands of yen	%

(Notes on Entries)

- When “Superficies Rights” and “Rights of Lease of Real Estate” are held together with buildings, etc., they shall be combined and indicated together with buildings, etc., in the “Real Estate” field.
- “Total Holdings” shall indicate the book value at the end of the period including the amount of foreign currency-denominated assets held. “Actual Real Estate Holdings” shall indicate the amount obtained by deducting cash, etc., held in said assets from the book value of the asset at the end of the period.
- For “Proportion to Total Assets,” the ratio of the “Actual Real Estate Holdings” of the relevant assets to the total amounts of



- assets should be written in parenthesis.
4. "Foreign Currency-Denominated Assets Held," shall indicate the amount of overseas real estate, etc., held out of the total holdings, valued and converted at the exchange rate at the time of acquisition. "Valuation Gains or Losses of Foreign Exchange" shall display the amount obtained by subtracting the book value at the end of the period valued and converted at the exchange rate at the time of acquisition from the book value at the end of the period valued and converted at the exchange rate at the end of the period. "Proportion to Total Assets" shall indicate the ratio of said assets to the total amount of assets.
  5. "Proportion to Total Assets" shall be rounded off to the second decimal place and indicated to the first decimal place.
  6. The "Total Holdings," "Actual Real Estate Holdings," "Foreign Currency-Denominated Assets Held" and "Valuation Gains or Losses of Foreign Exchange" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
  7. The field "Foreign Currency-Denominated Assets Held" may be omitted if there are no overseas real estate holdings.

### (13) Major Assets Held

Name of Real Estate, etc.	Book Value	Leasable Area	Leased Area	Occupancy Rate	Proportion to Total Rental Business Revenue	Principal Use
___ Building (Trust Beneficiary Right)	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
<b>Total</b>	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	

#### (Notes on Entries)

1. "Name of Real Estate, etc.," shall indicate the name, etc., indicated in the Securities Registration Statement, etc.
2. "Book Value" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. For the number of properties, land, buildings, Superficies Rights, leasehold rights, etc., located at the same parcel number, etc., shall be counted as one property.
4. "Leasable Area" and "Leased Area" shall be indicated in units of m<sup>2</sup>. However, other units may be used when deemed appropriate for the protection of investors.
5. The "Occupancy Rate" (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the "Proportion to Total Rental Business Revenue" shall be rounded off to the second decimal place and indicated to the first decimal place. However, other units may be used when deemed appropriate for the protection of investors.
6. The term "Principal Use" shall indicate what is deemed appropriate as the "Principal Use" of the relevant asset or the underlying asset of the said asset at the discretion of the investment trust entrustment business, taking into consideration such factors as the ratio of rental area and rental revenue by use for the said asset or the underlying asset of the said asset.

(14) Details of Incorporated Assets

(i) Details of Incorporated Assets in Real Estate, etc.

Name of Real Estate, etc.	Location	Form of Ownership	Calculated Value at the End of Period	Prior Period (MM/DD/YYYY to MM/DD/YYYY)				Current Period (MM/DD/YYYY to MM/DD/YYYY)			
				Total Number of Tenants at End of the Period	Occupancy Rate at End of the Period	During Rental Business Earning Period	Proportion to Total Rental Business Revenue	Total Number of Tenants at End of the Period	Occupancy Rate at End of the Period	During Rental Business Earning Period	Proportion to Total Rental Business Revenue
	Tokyo ○○ Ward		Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
Total	—	—	Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%

(Notes on Entries)

- The field “Calculated Value at the End of Period,” shall indicate the appraised value at the end of period, which is calculated by the valuation method stipulated in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. For overseas real estate, etc., the appraised value at the end of period shall be indicated in Japanese yen converted at the exchange rate at the end of the period.  
For overseas real estate, etc., the amount in the currency of acquisition of the relevant assets shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency conversion. However, the Total field need not be shown in the currency of such acquisition.
- If the asset is overseas real estate, etc., the amount of “Rental Business Revenue” shall be the amount of rental business revenue valued and converted at the exchange rate at the end of the period.  
With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.
- Figures for “Calculated Value at the End of Period” and “Rental Business Revenue” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
- The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place.
- The land and other assets shown in “(ii) Details of Renewable Energy Power Generation Facilities, etc.” and “(iii) Details of Rights to Operate Public Facilities, etc.” shall not be indicated.

(ii) Details of Renewable Energy Power Generation Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Depreciation or Amortization	Amortization for Current Period	Balance at End of Current Period	Description
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. The “Liquid Assets,” “Tangible Fixed Assets,” and “Intangible Fixed Assets” fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for “Balance at the Beginning of the Current Period,” “Increase During Current Period,” “Decrease During Current Period,” and “Balance at the End of the Current Period,” shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during the current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the “Description” field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc., shall be displayed as an internal note (in parentheses) in the “Increase During Current Period” or “Decrease During Current Period” fields, and the reason for increase or decrease shall be indicated in the “Description” field.

(b) Details of Renewable Energy Power Generation Facilities, etc.

Classification of Equipment, etc.	No.	Name	Location	Districts and Zones	Site Area	Structure	Date of Certification	Name of Certified Business Operator, etc.	Name of the Other Party of the Specified Contract, etc.	Procurement Price, etc.	Procurement Period, etc.	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Total	-	-	-	-		-	-	-	-	-	-	-			-

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. In the "Name" field, indicate the name which adequately represents the renewable energy power generation facility, such as the name of the facility described in the application for approval by the Minister of Economy, Trade and Industry pursuant to Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.
3. In the "Location" field, indicate the location (up to the lot number) of the renewable energy power generation facility and the land and other assets to be used for the power generation project incidental thereto (hereinafter referred to as "renewable energy power generation facility, etc." in (b) and (c)).
4. In the "Districts and Zones" field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968) shall be indicated.
5. In the "Structure" field, indicate the structure, etc., of the renewable energy power generation facility (in the case of land, the land classification).
6. In the "Date of Certification" field, enter the date of approval by the Minister of Economy, Trade and Industry pursuant to the provision in Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities when the renewable energy power generation facilities fall under the category of certified power generation facilities (if any change has been approved pursuant to the provision in Article 10, Paragraph 1 of the same Act, the date of certification and the details of such change, and if any change has been notified pursuant to the provision in Paragraph 2 or 3 of the said Article, the date of acceptance of such notification and the details of such change shall be included).
7. In the "Name of Certified Business Operator, etc." field, when the renewable energy power generation facilities fall under the category of certified power generation facilities, the name of the certified business operator shall be indicated, and in other cases, the name of the person who is considered the provider shall be indicated.
8. In the "Name of the Other Party of the Specified Contract, etc." field, the name of the other party of the specific contract shall

- be indicated when the renewable energy power generation facilities fall under the category of certified power generation facilities, and in other cases, the name of the other party of the electricity supply contract shall be indicated.
9. In the "Procurement Price, etc." field, indicate the procurement price when the renewable energy power generation facilities fall under the category of certified power generation facilities, otherwise, the price per kilowatt hour of renewable energy electricity to be supplied under the power supply contract shall be indicated.
  10. In the "Procurement Period, etc." field, indicate the procurement period when the renewable energy power generation facilities fall under the category of certified power generation facilities, or the contract period of the power supply contract in other cases.
  11. In the "Date of Acquisition" field, indicate the date of acquisition of the renewable energy power generation facility, etc.
  12. Subtotals in the "Site Area," "Acquisition Cost" and "Book Value at the End of the Current Period" fields shall be the subtotal for each category of facilities.
  13. In the "Status of Collateral" field, if the renewable energy power generation facility, etc. in question is pledged as collateral, an indication to that effect shall be given.
  14. The "No." field shall be consistent with the organization No. of such renewable energy power generation facilities in "(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc."

(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc.

	Organization No.	Name of Property	Location
Renewable Energy Power Generation			
Land			
Building			
Renewable Energy Power Generation			
Land			
Building			

Item	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY
Rental Business Revenue Rent .....					
Rental Business Revenue Subtotal A					
Rental Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, .....) (of which, .....) Depreciation (of which, .....) (of which, .....) .....					
Rental Business Expenses Subtotal B					
Renewable Energy Power Generation Equipment Rental Business Profits and Losses A - B					

(Notes on Entries)

1. This table shall be prepared for each renewable energy power generation facility. When land or other assets used for power generation business are leased as one unit, revenues and expenses related to such assets shall also be indicated. If the renewable energy generation facility and land or other assets are managed in an integrated manner, such properties are not precluded from being prepared as a single property.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. In addition to machinery and equipment, depreciation expenses shall also indicate buildings, appliances, fixtures, etc., relevant to the renewable energy power generation facility.

(iii) Details of Rights to Operate Public Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Depreciation or		Balance at End of Current Period	Description
					Accumulated Amortization	Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. The Right to Operate Public Facilities, etc., public facilities etc., pertaining to the Right to Operate Public Facilities etc., and land and other assets acquired incidental to the business of operating public facilities etc., pertaining to the Right to Operate Public Facilities, etc. (hereinafter referred to as "Right to Operate Public Facilities, etc." in (b) and (c)) shall be indicated.
2. The "Liquid Assets," "Tangible Fixed Assets," and "Intangible Fixed Assets" fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for "Balance at the Beginning of the Current Period," "Increase During Current Period," "Decrease During Current Period," and "Balance at the End of the Current Period," shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the "Description" field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc. shall be displayed as an internal note (in parentheses) in the "Increase During Current Period" or "Decrease During Current Period" fields, and the reason for increase or decrease shall be indicated in the "Description" field.

(b) Details of the Right to Operate Public Facilities, etc.

No.	Name	Matters Regarding Public Facilities, etc.					Matters Regarding the Right to Operate Public Facilities, etc.					
		Location	Districts and Zones	Name of Manager, etc.	Name of the other party to the entrustment contract for the operation of public facilities, etc.	Structure	Total Area	Duration	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral

(Notes on Entries)

1. If land or other assets are acquired incidental to the management of public facilities pertaining to the Right to Operate Public Facilities, the relevant assets shall also be indicated in the fields for “No.,” “Name,” “Location,” “Districts and Zones,” “Structure,” “Total Area,” “Date of Acquisition,” “Acquisition Cost,” “Book Value at the End of Current Period,” and “Status of Collateral.”
2. In the “Location” field, indicate the location (up to the lot number) of such public facilities, etc.
3. In the “Districts and Zones” field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act shall be indicated.
4. In the column of “Name of Manager, etc.,” indicate the name of the manager, etc., of such public facilities, etc.
5. In the “Structure” field, indicate the structure (land category in the case of land) of such public facilities, etc.
6. In the “Duration” field, the duration (beginning and ending) of the said Right to Operate Public Facilities, etc. shall be indicated.
7. In the “Date of Acquisition” field, indicate the date of acquisition of the Right to Operate Public Facilities, etc.
8. In the “Status of Collateral” field, if the Right to Operate Public Facilities, etc., is pledged as collateral, an indication to that effect shall be given.
9. The “No.” field shall be consistent with the organization No. in “(c) Details of Revenue Status of Right to Operate Public Facilities, etc.”

(c) Details of Revenue Status of Right to Operate Public Facilities, etc.

	Organization No.	Name of Property	Location
Right to Operate Public Facilities, etc.			
Land			
Building			
Right to Operate Public Facilities, etc.			
Land			
Building			

Item	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY	___th Period MM/YYYY to MM/YYYY
Revenue from public facilities operating business . . . . .					
Revenue from public facilities operating business Subtotal A					
Operating Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation or Amortization (of which, . . . . .) (of which, . . . . .) . . . . .					
Expenses for public facilities operating business Subtotal B					
Profit and loss from public facilities operating business A - B					

(Notes on Entries)

1. This table shall be prepared for each Right to Operate Public Facilities, etc. If land or other assets are acquired incidental to the operation of public facilities, etc., pertaining to the Right to Operate Public Facilities, etc., such assets shall also be indicated.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. Depreciation or amortization shall include not only the Right to Operate Public Facilities, etc., but also assets acquired incidental to the operating project.
5. If the operating business expenses include the expenses prescribed in Article 20 of the Act on Promotion of Private Finance Initiative, the amount and the breakdown of the amount shall be stated in the margin.

(iv) Details of Assets Incorporated in Securities

Name of Stocks	Type of Assets	Quantity	Book Value		Appraised Value		Valuation profit or loss	Remarks
			Unit Price	Amount	Unit Price	Amount		
				Thousands of yen		Thousands of yen	Thousands of yen	
				Thousands of yen		Thousands of yen	Thousands of yen	
Total				Thousands of yen		Thousands of yen	Thousands of yen	

(Notes on Entries)

1. The "Book Value," "Appraised Value," and "Valuation Profit or Loss" fields shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.



(15) Status of Other Assets

(i) Stocks and investment securities

Issue	Number of Shares	Acquisition Cost		Appraised Value		Valuation Profit or Loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

(ii) Securities other than stocks

(Unit: )

Type	Issue	Total Face Value	Book Value	Accrued Interest Income	Advance Payments Accrued interest	Appraised Value	Valuation Profit or Loss	Remarks
Total								

(iii) Detailed Statement of Margin Transaction Balance

(Unit: )

Issue	Margin Transaction				Remarks
	Number of Shares Sold	Book Value	Appraised Value	Valuation profit or loss	

(iv) Table of Contract Amount and Market Value of Specified Transactions and Exchange Contract

Transactions, etc.

(Unit: )

Category	Type	Contract Amount, etc.		Current Value
			Of which, more than one year	
Market Transactions	Futures Transactions			
	Sell contracts			
	Buy contracts			
	Option Trading			
	Sell contracts			
	Call			
Put				
Buy contracts				
Call				
Put				
Transactions other than Market Transactions	Forward Transactions			
	Sell contracts			
	Buy contracts			
	Exchange Contract Transaction			
	Sell contracts			
	Buy contracts			
	Option Trading			
	Sell contracts			
	Call			
	Put			
	Buy contracts			
	Call			
	Put			
	Swap Transactions			
	Variable Receipts and Fixed Payments			
Fixed Receipts and Variable Payments				
Others				
Total				

(v) Details of Other Specified Assets

(Unit: )

Type of Specified Assets	Quantity	Book Value		Appraised Value		Valuation profit or loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

(16) Status of Asset Holdings by Country and Region

Country	Total Holdings	Calculated Value at the End of Period	Proportion to Total Assets	Number of Properties
Japan	Thousands of yen	Thousands of yen	%	Properties
U.S.A.	Thousands of yen	Thousands of yen	%	Properties
...	Thousands of yen	Thousands of yen	%	Properties
Total	Thousands of yen	Thousands of yen	100%	Properties

(Notes on Entries)

1. The “Total Holdings” shall indicate the book value at the end of the period, and the “Calculated Value at the End of Period” shall indicate the appraised value at the end of period in accordance with the valuation methods set forth in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may also be indicated together when deemed appropriate for the protection of investors.
2. The “Total Holdings” of overseas real estate, etc., shall be converted into Japanese yen using the exchange rate at the time of acquisition, and the “Calculated Value at the End of Period” shall be converted into Japanese yen using the exchange rate at the end of the period.
3. The “Proportion to Total Assets” shall indicate the ratio of the calculated value at the end of the period of each relevant country or region to the total calculated value at the end of the period, and shall be rounded off to the second decimal place and indicated to the first decimal place.

(17) Schedule of Capital Expenditures

Name of Real Estate, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen

Name of Infrastructure Assets, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or on a payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” specify in the margin that the amount is indicated on a “work basis” or “payment basis.”

(18) Capital Expenditures during the Period

Name of Real Estate, etc.	Location	Purpose	Period	Construction Cost OR Payment Amount
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen

Name of Infrastructure Assets, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” it should be clearly indicated in the margin that it is indicated on a “Work Basis” or “Payment Basis.”

#### (19) Money Accumulated for Long-Term Repair Plans

Business Period	____th Period From: MM/DD/YYYY To: MM/DD/YYYY	____th Period From: MM/DD/YYYY To: MM/DD/YYYY	____th Period From: MM/DD/YYYY To: MM/DD/YYYY	____th Period From: MM/DD/YYYY To: MM/DD/YYYY	____th Period From: MM/DD/YYYY To: MM/DD/YYYY
Balance of Funds Reserved at the End of the Previous Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount Reserved for Current period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount of Reversal of Reserve for Current Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount Carried Forward	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The “Reserve Fund” referred to in this table refers to the money that must be actually set aside systematically and regularly each period from surplus cash flow such as depreciation expenses, etc. (including that associated with profits internally retained) in accordance with the long-term repair plan indicated in the asset management plan stipulated in Article 9, Paragraph2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations.
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

#### (20) Details of Expenses for Management, etc.

Item	Current Period	Description of Service
(a) Total Trust Fees	Thousands of yen	
Consignor Fees	Thousands of yen	
Of which, clerical service charge	Thousands of yen	
Trustee Fees	Thousands of yen	
(b) Other Expenses	Thousands of yen	
Total	Thousands of yen	

(Notes on Entries)

1. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “(b) Other Expenses,” if there are expenses directly paid from the investment trust property other than trust fees, the total amount shall be displayed.
3. In the “Description of Service” field, the details of expenses for which each expense is a consideration shall be described, and for “(b) Other Expenses,” the details of services for which each cost is a consideration shall be described upon describing the breakdown of specific costs.

## (21) Status of Borrowing

Category	Lender	Date of Borrowing	Balance at the End of the Previous Period	Balance at the End of Current Period	Average Interest Rate	Repayment Due Date	Method of Repayment	Use	Description
Short-Term Loans			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
	Total		Thousands of yen	Thousands of yen					
Long-Term Loans			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
	Total		Thousands of yen	Thousands of yen					

(Notes on Entries)

1. In principle, loans shall be classified into short-term and long-term and indicated by lender.
2. "Average Interest Rate" shall indicate the weighted average interest rate.
3. "Method of Repayment" shall indicate the method of repayment such as equal repayment of principal, equal repayment of interest, or lump-sum repayment on due date, etc.
4. "Description" shall indicate whether collateral is pledged or not, the name of the collateral, and any other special notes.
5. "Balance at the End of the Previous Period" and "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (22) Trading Status of Real Estate, etc., Asset-Backed Securities, etc., and Infrastructure Assets, etc., and Infrastructure-Related Assets, etc.

Name of Real Estate, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○ Building (Real Estate)		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
Total		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen

Name of Infrastructure Assets, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○○○ (Infrastructure)		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
Total		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The "Acquisition Cost" shall indicate the amount (sales price indicated in the sales contract, etc.) that does not include various expenses required for the acquisition of the relevant real estate, etc., and infrastructure assets, etc. (real estate sales intermediary fees, sales commissions, etc. incurred when acquiring infrastructure assets, etc.), and a note to that effect shall be indicated in the margin.
2. "Acquisition Cost," "Transfer Value," "Book Value" and "Profit or Loss on Sale" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (23) Sales and Purchase of Other Assets, etc.

Type of Assets	Purchased		Sold		Balance at the End of Current Period	
	Number of Certificates,	Amount	Number of Certificates,	Amount	Number of Certificates,	Amount
Shares		Thousands of yen		Thousands of yen		Thousands of yen
Investment Securities		Thousands of yen		Thousands of yen		Thousands of yen
Bonds		Thousands of yen		Thousands of yen		Thousands of yen
....		Thousands of yen		Thousands of yen		Thousands of yen
Total		Thousands of yen		Thousands of yen		Thousands of yen

(Notes on Entries)

1. The “Amount” shall indicate the delivery price (amount not including accrued interest and various expenses (trading commissions for sale and purchase, etc.)) and shall make a note to that effect in the margin.
2. “Amount” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (25) Status of Transactions with Interested Parties and Major Shareholders

## (i) Status of Transactions

Category	Transaction Amount, etc.	
	Amount of Purchase, etc.	Amount of Sale, etc.
Total Amount	Thousands of yen	Thousands of yen
	Of which, the amount to be purchased from interested parties, etc. ____ ,000 yen ( % )	Of which, the amount of sales to interested parties, etc. ____ ,000 yen ( % )
Breakdown of Status of Transaction with Interested Parties, etc.		
_AAA Co., Ltd.	____ ,000 yen ( % )	____ ,000 yen ( % )
BBB Co., Ltd.	____ ,000 yen ( % )	____ ,000 yen ( % )
Total	____ ,000 yen ( % )	____ ,000 yen ( % )

## (ii) Amount of Payment Fees, etc.

Classification	Payment Fees, etc. Total Amount ( )	Breakdown of Transactions with Interested Parties, etc.		Percentage to Total Amount ( / ) %
		Payee	Payment Amount ( )	
(Building) Management Service Fees	Thousands of yen	AAA Co., Ltd.	Thousands of yen	%
		BBB Co., Ltd.	Thousands of yen	%
Real Estate Transaction Fees	Thousands of yen	CCC Co., Ltd.	Thousands of yen	%
Commission for Sale of Trust Beneficiary Right	Thousands of yen	DDD Co., Ltd.	Thousands of yen	%
Commissions Incurred in Acquiring Infrastructure Assets, etc.	Thousands of yen	EEE Co., Ltd.	Thousands of yen	%
.....	Thousands of yen	.....	Thousands of yen	%

(Notes on Entries)

1. Figures in parenthesis ( ) shall indicate the ratio to the total amount of each item rounded off to the second decimal place.
2. “Amount of Purchase, etc.,” “Amount of Sale, etc.” and “Amount of Payment Fees, etc.” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. When transactions with interested persons, etc. and major shareholders are made in foreign currencies, the amount shall be converted into Japanese yen at the exchange rate at the time of transaction and indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors. The amount in the currency in which such transaction is made shall be indicated in parentheses in the unit corresponding to the unit of the amount converted into Japanese yen. However, the total field need not be shown in the currency in which such transaction is made.
4. If monetary payments are made to interested parties other than payment fees, etc., as described above, important matters among them shall be noted in the margin.

(26) Status, etc., of Transactions with the Entrusted Business Operator Pertaining to the Subsidiary Business Conducted by the Entrusted Business Operator

Name of fees	__th Period From: MM/DD/YYYY To: MM/DD/YYYY
Securities Transaction Fees	Thousands of yen
••••	Thousands of yen
Total	Thousands of yen

(Notes on Entries)

1. A note in the margin shall be made concerning subsidiary business to the effect that “Subsidiary Business for this period is, ○○, ×× and •••• ”
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(27) Status of Assets, Liabilities, Principal, and Profit and Loss

(Refer to Attached Table 5 (29))

(28) Change in Method of Calculating Depreciation

	Date of Change in Calculation Method	Calculation Method Adopted Before the Change	Amount Calculated Using the Pre-change Calculation Method	Newly Adopted Calculation Method After Change	Amount Calculated by the Method of Calculation After Change	Reason for Change	Others
○○ Building Equipment							
×× Building Equipment							
○○○○							
○○○○							

(Notes on Entries)

1. “Amount Calculated” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(29) Change in Valuation Method of Real Estate, etc. and Infrastructure Assets, etc.

	Date of Change of Valuation Method	Valuation Method Adopted Before Change	Appraised Value Using the Pre-change Valuation Method	Newly Adopted Valuation Method After Change	Appraised Value After Change	Reason for Change	Others
○○ Building							
×× Building							
○○○○							
○○○○							

(Notes on Entries)

1. "Appraised Value" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(30) Status, etc., of In-House Establishment of Investment Trust Beneficiary Certificates, etc.

(i) Status of Acquisition, etc.

Date: MM/DD/YYYY	Number of Units Acquired	Number of Units Disposed	Number of Units Held
Cumulative Total			

(Notes on Entries)

1. In the "Number of Units Held" field, enter the number of units the investment trust management company continues to hold after the relevant acquisition, etc.
2. In the "Cumulative Total" field, enter the number of units acquired and disposed of over the past five years, including the end of the current period, the cumulative total of each, and the number of units held at the end of the current period.

(ii) Status of Holdings, etc.

	Number of Units Held at End of Period	Total Holdings at End of Period	Ratio to Total Number of Units Issued
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			

(Notes on Entries)

1. "Total Holdings at End of Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. In the column of "Ratio to Total Number of Units Issued," the ratio of the number of units held at the end of the period to the total number of units issued shall be rounded off to the second decimal place and indicated to the first decimal place.



Attached Table 5 : Form and Presentation Example of Asset Management Report of Real Estate Investment Corporation (Article 26 of the Rules)

(1) Changes in the Investment Corporation's Management Status, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Operating Revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Ordinary Income	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Current Period Net Income	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Total Assets	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)
Net Assets	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)	Thousands of yen ( % compared to the previous period)
Amount of Net Assets per Unit (Constant Value)	Yen	Yen	Yen	Yen	Yen
Equity Ratio	% (Increase or decrease from the previous	% (Increase or decrease from the previous	% (Increase or decrease from the previous	% (Increase or decrease from the previous	% (Increase or decrease from the previous

(Notes on Entries)

1. "Operating Revenues," "Ordinary Income," "Net Income for Current Period," "Total Assets" and "Net Assets" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. The "Amount of Net Assets per Unit" shall be indicated in units of yen. However, other units may be used.
3. "Equity Ratio" and "Comparison to Previous Period," shall be rounded off to the second decimal place and indicated to the first decimal place.

(3) Status of Capital Increase, etc.

MM/DD/YYYY	Description	Number of Investment Units Issued		Total Amount of Contributions		Remarks
		Increase or decrease	Balance	Increase or decrease	Balance	

(Notes on Entries)

1. The "Description" shall indicate whether it is a "Capital Increase" (public offering or private placement), "Installments" or "Amalgamation," etc., separately.
2. "Total Amount of Contributions" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. "Remarks" shall indicate the reasons for the act and other matters deemed important for investor protection.

(4) Performance of Distributions, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Total Net Income for Current Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Retained Earnings	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Total Cash Distributions (Distributions per Unit)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Of which, Total Profit Distributions (Profit Distributions per Unit)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Of Which, Total Repayment of Contributions (Repayment of Contributions per Unit)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Total Amount of Distributions from Allowance for Temporary Difference Adjustments out of Total Repayment of Contributions (Distribution from Allowance for Temporary Difference Adjustments out of Repayment of Contributions per Unit)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)
Total Amount of Distributions from Distributions for Reduction of Capital Contributions under Tax Act out of Total Repayment of Contributions (Distributions from Distributions for Reduction of Capital Contributions under Tax Act out of Repayment of Contributions Per Unit)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)	Thousands of yen (_____ yen)

(Notes on Entries)

- The amounts of “Total Net Income for Current Period,” “Retained Earnings,” “Total Cash Distributions,” “Total Profit Distributions,” “Total Repayment of Contributions,” “Total Amount of Distributions from Allowance for Temporary Difference Adjustments,” and “Total Amount of Distributions from Distributions for Reduction of Capital Contributions under Tax Act” shall be indicated in units of 1,000 yen or 1,000,000 yen, and the amounts of “Distribution Per Unit,” “Profit Distribution Per Unit,” “Principal Payment Per Unit,” “Distributions from Allowance for Temporary Difference Adjustments per Unit,” and “Distributions for Reduction of Capital Contributions Under the Tax Act Per Unit” shall be indicated in units of yen. However, other units may be used when deemed appropriate for the protection of investors.

(9) Matters Regarding Investment Units

Name or Title	Number of Investment Units Owned (Units)	Ratio of Investment Units Owned to Total Number of Units Issued (%)

(10) Facts Concerning Officers, etc.

Position	Name or Title Officer, etc.	Main Concurrent Offices, etc.	Total Amount of Remuneration for Each Position during the Relevant Business Period

(Notes on Entries)

1. If no remuneration is received from the investment corporation, such fact shall be indicated.
2. In addition, other important matters that are deemed appropriate to be indicated for the purposes of investor protection, such as the dismissal of officers, etc., shall be indicated.

(12) Assets Composition of the Real Estate Investment Corporation.

	Total Holdings		Proportion to Total Assets		Amount of Assets Held in Foreign Currencies	
	Actual Real Estate Holdings		Proportion to Total Assets	Foreign Exchange Valuation Loss	Proportion to Total Assets	
Real Estate	Thousands of yen		%		Thousands of yen	
					Thousands of yen	%
Superficies Rights	Thousands of yen		%		Thousands of yen	
					Thousands of yen	%
Rights of Lease of Real Estate	Thousands of yen		%		Thousands of yen	
					Thousands of yen	%
Trust Beneficiary Interest in Real Estate	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
Silent Partnership Equity	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
Renewable Energy Power Generation Facilities	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
Right to Operate Public Facilities etc.	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
. . . . .	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
Other Assets	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%
Total Assets	Thousands of yen		%		Thousands of yen	
	Thousands of yen		%		Thousands of yen	%

(Notes on Entries)

1. When “Superficies Rights” and “Rights of Lease of Real Estate” are held together with buildings, etc., they shall be combined and indicated together with buildings, etc., in the “Real Estate” field.
2. “Total Holdings” shall indicate the book value at the end of the period including the amount of foreign currency-denominated assets held. “Actual Real Estate Holdings” shall indicate the amount obtained by deducting cash, etc., held in said assets from the book value of the asset at the end of the period.
3. For “Proportion to Total Assets,” the ratio of the “Actual Real Estate Holdings” of the relevant assets to the total amounts of assets should be written in parenthesis.
4. “Assets Held in Foreign Currency” shall indicate the amount of overseas real estate holdings out of the total holdings valued and converted using the exchange rate at the time of acquisition. “Valuation Gains or Losses of Foreign Exchange” shall display the amount obtained by subtracting the book value at the end of the period valued and converted at the exchange rate at the time of acquisition from the book value at the end of the period valued and converted at the exchange rate at the end of the period. “Proportion to Total Assets” shall indicate the ratio of said assets to the total amount of assets.
5. The “Proportion to Total Assets” shall be rounded off to the second decimal place and indicated to the first decimal place.
6. The “Total Holdings,” “Actual Real Estate Holdings,” “Foreign Currency-Denominated Assets Held” and “Valuation Gains

or Losses of Foreign Exchange” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

7.The field “Foreign Currency-Denominated Assets Held” may be omitted if there are no overseas real estate holdings.

### (13) Major Assets Held

Name of Real Estate, etc.	Book Value	Leasable Area	Leased Area	Occupancy Rate	Proportion to Total Rental	Principal Use
____Building (Trust Beneficiary Right)	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
<b>Total</b>	Thousands of yen	m <sup>2</sup>	m <sup>2</sup>	%	%	

#### (Notes on Entries)

1. “Name of Real Estate, etc.,” shall indicate the name, etc., indicated in the Securities Registration Statement, etc.
2. “Book Value” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. For the number of properties, land, buildings, Superficies Rights, leasehold rights, etc., located at the same parcel number, etc., shall be counted as one property.
4. “Leasable Area” and “Leased Area” shall be indicated in units of m<sup>2</sup>. However, other units may be used when deemed appropriate for the protection of investors.
5. The “Occupancy Rate” (the ratio of the rented area to the rentable area at the end of the relevant accounting period) and the “Proportion to Total Rental Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place. However, other units may be used when deemed appropriate for the protection of investors.
6. The term “Principal Use” shall indicate what is deemed appropriate as the “Principal Use” of the relevant asset or the underlying asset of the said asset at the discretion of the investment trust entrustment business, taking into consideration such factors as the ratio of rental area and rental revenue by use for the said asset or the underlying asset of the said asset.

### (14) Details of Incorporated Assets

#### (i) Details of Incorporated Assets in Real Estate, etc.

Name of Real Estate, etc.	Location	Form of Ownership	Calculated Value at the End of Period	Previous Period (MM/DD/YYYY - MM/DD/YYYY)				Current Period (MM/DD/YYYY - MM/DD/YYYY)			
				Total Number of Tenants at End of the Period	Occupancy Rate at End of the Period	During Rental Business Earning Period	Proportion to Total Rental Business Revenue	Total Number of Tenants at End of the Period	Occupancy Rate at End of the Period	During Rental Business Earning Period	Proportion to Total Rental Business Revenue
	Tokyo ○○ Ward		Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
			Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%
<b>Total</b>	—	—	Thousands of yen		%	Thousands of yen	%		%	Thousands of yen	%

#### (Notes on Entries)

1. The field “Calculated Value at the End of Period,” shall indicate the appraised value at the end of period, which is calculated by the valuation method stipulated in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. For overseas real estate, etc., the appraised value at the end of period shall be indicated in Japanese yen converted at the exchange rate at the end of the period.  
For overseas real estate, etc., the amount in the currency of acquisition of the relevant assets shall be indicated in parentheses

in accordance with the unit of the amount indicated in Japanese currency conversion. However, the Total field need not be shown in the currency of such acquisition.

- If the asset is overseas real estate, etc., the amount of “Rental Business Revenue” shall be the amount of rental business revenue valuated and converted at the exchange rate at the end of the period.

With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.

- Figures for “Calculated Value at the End of Period” and “Rental Business Revenue” shall be presented in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
- The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place.
- The land and other assets shown in “(ii) Details of Renewable Energy Power Generation Facilities, etc.” and “(iii) Details of Right to Operate Public Facilities, etc.” shall not be indicated.

(ii) Details of Renewable Energy Power Generation Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Depreciation or		Balance at End of Current Period	Description
					Accumulated Amortization	Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

- Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
- The “Liquid Assets,” “Tangible Fixed Assets,” and “Intangible Fixed Assets” fields shall be indicated according to the classification of the items listed in the balance sheet.
- The fields for “Balance at the Beginning of the Current Period,” “Increase During Current Period,” “Decrease During Current Period,” and “Balance at the End of the Current Period,” shall be indicated based on the acquisition price of the applicable assets.
- Note the details of the increase and decrease during the current period.
- If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the “Description” field.
- If the acquisition cost is revised due to special reasons, such revaluation differences, etc. shall be displayed as an internal note (in parentheses) in the “Increase During Current Period” or “Decrease During Current Period” fields, and the reason for increase or decrease shall be indicated in the “Description” field.

(b) Details of Renewable Energy Power Generation Facilities, etc.

Classification of Equipment, etc.	No.	Name	Location	Districts and Zones	Site Area	Structure	Date of Certification	Name of Certified Business Operator, etc.	Name of the Other Party of the Specified Contract, etc.	Procurement Price, etc.	Procurement Period, etc.	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral
Sub total	-	-	-	-		-	-	-	-	-	-	-			-
Sub total	-	-	-	-		-	-	-	-	-	-	-			-
Sub total	-	-	-	-		-	-	-	-	-	-	-			-
Sub total	-	-	-	-		-	-	-	-	-	-	-			-
Total	-	-	-	-		-	-	-	-	-	-	-			-

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. In the "Name" field, indicate the name which adequately represents the renewable energy power generation facility, such as the name of the facility described in the application for approval by the Minister of Economy, Trade and Industry pursuant to Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.
3. In the "Location" field, indicate the location (up to the lot number) of the renewable energy power generation facility and the land and other assets to be used for the power generation project incidental thereto (hereinafter referred to as "renewable energy power generation facility, etc." in (b) and (c)).
4. In the "Districts and Zones" field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968) shall be indicated.
5. In the "Structure" field, indicate the structure, etc., of the renewable energy power generation facility, etc. (in the case of land, the land classification).
6. In the "Date of Certification" field, enter the date of approval by the Minister of Economy, Trade and Industry pursuant to the provision in Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities when the renewable energy power generation facilities fall under the category of certified power generation facilities (if any change has been approved pursuant to the provision in Article 10, Paragraph 1 of the same Act, the date of certification and the details of such change, and if any change has been notified pursuant to the provision in Paragraph 2 or 3 of the said Article, the date of acceptance of such notification and the details of such change shall be included).
7. In the "Name of Certified Business Operator, etc." field, when the renewable energy power generation facilities fall under the category of certified power generation facilities, the name of the certified business operator shall be indicated, and in other cases, the name of the person who is considered the provider shall be indicated.
8. In the "Name of the Other Party of the Specified Contract, etc." field, the name of the other party of the specific contract shall be indicated when the renewable energy power generation facilities fall under the category of certified power generation facilities, and in other cases, the name of the other party of the electricity supply contract shall be indicated.
9. In the "Procurement Price, etc." field, indicate the procurement price when the renewable energy power generation facilities fall under the category of certified power generation facilities, otherwise, the price per kilowatt hour of renewable energy electricity to be supplied under the power supply contract shall be indicated.
10. In the "Procurement Period, etc." field, indicate the procurement period when the renewable energy power generation

facility falls under the category of an approved power generation facility, or the contract period of the power supply contract in other cases.

11. In the "Date of Acquisition" field, indicate the date of acquisition of the renewable energy power generation facility, etc.
12. Subtotals in the "Site Area," "Acquisition Cost" and "Book Value at the End of the Current Period" fields shall be the subtotal for each category of facilities.
13. In the "Status of Collateral" field, if the renewable energy power generation facility, etc. in question is pledged as collateral, an indication to that effect shall be given.
14. The "No." field shall be consistent with the organization No. of such renewable energy power generation facilities in "(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc."

(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc.

	Organization No.	Name of Property	Location
Renewable Energy Power Generation Facilities			
Land			
Building			
Renewable Energy Power Generation Facilities			
Land			
Building			

Item	__th Period MM/DD/YY - MM/DD/YY	__th Period MM/DD/YY - MM/DD/YY	__th Period MM/DD/YY - MM/DD/YY	__th Period MM/YYYY - MM/YYYY	__th Period MM/DD/YY - MM/DD/YY
Rental Business Revenue Rent . . . . .					
Rental Business Revenue Subtotal A					
Rental Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation (of which, . . . . .) (of which, . . . . .) . . . . .					
Rental Business Expenses Subtotal B					
Renewable Energy Power Generation Facilities Rental Business Profit and Loss A - B					

(Notes on Entries)

1. This table shall be prepared for each renewable energy power generation facility. When land or other assets used for power generation business are leased as one unit, revenues and expenses related to such assets shall also be indicated. If the renewable energy generation facility and land or other assets are managed in an integrated manner, such properties are not precluded from being prepared as a single property.
2. Shall prepare for the past five periods.

3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. In addition to machinery and equipment, depreciation expenses shall also indicate buildings, appliances, fixtures, etc., relevant to the renewable energy power generation facility.

(iii) Details of Rights to Operate Public Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of the Current Period	Accumulated Depreciation or		Balance at End of Current Period	Description
					Accumulated Depreciation	Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. The Right to Operate Public Facilities etc., public facilities etc., pertaining to the right to manage public facilities etc., and land and other assets acquired incidental to the business of managing public facilities etc., pertaining to the Right to Operate Public Facilities etc. (hereinafter referred to as "Right to Operate Public Facilities etc." in (b) and (c)) shall be indicated.
2. The "Liquid Assets," "Tangible Fixed Assets," and "Intangible Fixed Assets" fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for "Balance at the Beginning of the Current Period," "Increase During Current Period," "Decrease During Current Period," and "Balance at the End of the Current Period," shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the "Description" field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc. shall be displayed as an internal note (in parentheses) in the "Increase During Current Period" or "Decrease During Current Period" fields, and the reason for increase or decrease shall be indicated in the "Description" field.



(b) Details of the Right to Operate Public Facilities, etc.

No.	Name	Matters Regarding Public Facilities, etc.					Matters Regarding the Right to Operate Public Facilities, etc.					
		Location	Districts and Zones	Name of Manager, etc.	Name of the other party to the entrustment contract pertaining to the management of public facilities, etc.	Structure	Total Area	Duration	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral

(Notes on Entries)

1. If land or other assets are acquired incidental to the management of public facilities pertaining to the Right to Operate Public Facilities, etc., the relevant assets shall also be indicated in the fields for “No.,” “Name,” “Location,” “Districts and Zones,” “Structure,” “Total Area,” “Date of Acquisition,” “Acquisition Cost,” “Book Value at the End of Current Period,” and “Status of Collateral.”
2. In the “Location” field, indicate the location (up to the lot number) of such public facilities, etc.
3. In the “Districts and Zones” field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act shall be indicated.
4. In the column of “Name of Manager, etc.,” indicate the name of the manager, etc., of such public facilities, etc.
5. In the “Structure” field, indicate the structure (land category in the case of land) of such public facilities, etc.
6. In the “Duration” field, the duration (beginning and ending) of the said Right to Operate Public Facilities, etc. shall be indicated.
7. In the “Date of Acquisition” field, indicate the date of acquisition of the Right to Operate Public Facilities, etc.
8. In the “Status of Collateral” field, if the Right to Operate Public Facilities, etc. is pledged as collateral, an indication to that effect shall be given.
9. The “No.” field shall be consistent with the organization No. in “(c) Details of Revenue Status of Right to Operate Public Facilities, etc.”

(c) Details of Revenue Status of Right to Operate Public Facilities, etc.

	Organization No.	Name of Property	Location		
Right to Operate Public Facilities, etc.					
Land					
Building					
Right to Operate Public Facilities, etc.					
Land					
Building					
Item	___th Period MM/DD/YY - MM/DD/YY	___th Period MM/DD/YY - MM/DD/YY	___th Period MM/DD/YY - MM/DD/YY	___th Period MM/DD/YY - MM/DD/YY	___th Period MM/DD/YY - MM/DD/YY
Revenue from public facilities operating business . . . . .					
Revenue from public facilities operating business Subtotal A					
Operating Business Expenses Taxes and Levies (of which, Property Tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation or Amortization (of which, . . . . .) (of which, . . . . .) . . . . .					
Expenses for public facilities operating business Subtotal B					
Profit and loss from public facilities operating business A - B					

(Notes on Entries)

1. This table shall be prepared for each Right to Operate Public Facilities, etc. If land or other assets are acquired incidental to the operation of public facilities, etc., pertaining to the Right to Operate Public Facilities, etc., such assets shall also be indicated.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. Depreciation or amortization shall include not only the Right to Operate Public Facilities, etc., but also assets acquired incidental to the operating project.
5. If the operating business expenses include the expenses prescribed in Article 20 of the Act on Promotion of Private Finance Initiative, the amount and the breakdown of the amount shall be stated in the margin.

## (iv) Details of Assets Incorporated in Securities

Name of Stocks	Type of Assets	Quantity	Book Value		Appraised Value		Valuation profit or loss	Remarks
			Unit Price	Amount	Unit Price	Amount		
				Thousands of yen		Thousands of yen	Thousands of yen	
				Thousands of yen		Thousands of yen	Thousands of yen	
Total				Thousands of yen		Thousands of yen	Thousands of yen	

(Notes on Entries)

1. The “Book Value,” “Appraised Value,” and “Valuation Profit or Loss” fields shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (15) Status of Other Assets

## (i) Stocks and investment securities

Issue	Number of Shares	Acquisition Cost		Appraised Value		Valuation profit or loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

## (ii) Securities other than stocks

(Unit: )

Type	Issue	Total Face Value	Book Value	Accrued Interest Income	Advance Payments Accrued interest	Appraised Value	Valuation profit or loss	Remarks
Total								

## (iii) Detailed Statement of Margin Transaction Balance

(Unit: )

Issue	Margin Transaction				Remarks
	Number of Shares Sold	Book Value	Appraised Value	Valuation profit or loss	

## (iv) Table of Contract Amount and Market Value of Specified Transactions and Exchange Contract Transactions, etc.

(Unit: )

Category	Type	Contract Amount, etc.		Current Value
			Of which, more than one year	
Market Transactions	Futures Transactions			
	Sell contracts			
	Buy contracts			
	Option Trading			
	Sell contracts			
	Call			
	Put			
	Buy contracts			
	Call			
	Put			
Transactions other than Market Transactions	Forward Transactions			
	Sell contracts			
	Buy contracts			
	Exchange Contract Transaction			
	Sell contracts			
	Buy contracts			
	Option Trading			
	Sell contracts			
	Call			
	Put			
	Buy contracts			
	Call			
	Put			
	Swap Transactions			
	Variable Receipts and Fixed Payments			
	Fixed Receipts and Variable Payments			
Others				
Total				

(v) Details of Other Specified Assets

(Unit: )

Type of Specified Assets	Quantity	Book Value		Appraised Value		Valuation profit or loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

## (16) Status of Asset Holdings by Country and Region

Country	Total Holdings	Calculated Value at the End of Period	Proportion to	Number of Properties
			Total Assets	
Japan	Thousands of yen	Thousands of yen	%	Properties
U.S.A.	Thousands of yen	Thousands of yen	%	Properties
...	Thousands of yen	Thousands of yen	%	Properties
Total	Thousands of yen	Thousands of yen	100%	Properties

(Notes on Entries)

1. The “Total Holdings” shall indicate the book value at the end of the period, and the “Calculated Value at the End of Period” shall indicate the appraised value at the end of period in accordance with the valuation methods set forth in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may also be indicated together when deemed appropriate for the protection of investors.
2. The “Total Holdings” of overseas real estate, etc., shall be converted into Japanese yen using the exchange rate at the time of acquisition, and the “Calculated Value at the End of Period” shall be converted into Japanese yen using the exchange rate at the end of the period.
3. The “Proportion to Total Assets” shall indicate the ratio of the calculated value at the end of the period of each relevant country or region to the total calculated value at the end of the period, and shall be rounded off to the second decimal place and indicated to the first decimal place.

## (17) Schedule of Capital Expenditures

Name of Real Estate, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen

Name of Infrastructure Assets, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or on a payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” specify in the margin that the amount is indicated on a “work basis” or “payment basis.”

## (18) Capital Expenditures during the Period

Name of Real Estate, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen

Name of Infrastructure Assets, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands of yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” it should be clearly indicated in the margin that it is indicated on a “Work Basis” or “Payment Basis.”

(19) Money Accumulated for Long-Term Repair Plans

Business Period	___th Period	___th Period	___th Period	___th Period	___th Period
	From: MM/DD/YYYY To: MM/DD/YYYY	From: MM/DD/YYYY To: MM/DD/YYYY	From: MM/DD/YYYY To: MM/DD/YYYY	From: MM/DD/YYYY To: MM/DD/YYYY	From: MM/DD/YYYY To: MM/DD/YYYY
Balance of Funds Reserved at the Beginning of the Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount Reserved for Current period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount of Reversal of Reserve for Current Period	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Amount Carried Forward	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The “Reserve Fund” referred to in this table refers to the money that must be actually set aside systematically and regularly each period from surplus cash flow such as depreciation expenses, etc. (including that associated with profits internally retained) in accordance with the long-term repair plan indicated in the asset management plan stipulated in Article 9, Paragraph 2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations.
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(20) Details of Expenses for Management, etc.

Item	Current Period
(a) Asset Management Fees	Thousands of yen
(b) Asset Custody Fees	Thousands of yen
(c) General Administration Fees	Thousands of yen
(d) Officer’s Remuneration	Thousands of yen
(e) Other Expenses	Thousands of yen
Total	Thousands of yen

(Notes on Entries)

1. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. In “(e) Other Expenses,” shall indicate expenses other than (a) through (d) that are related to the management of the investment corporation, if any.

(21) Status of Borrowing

Category	Lender	Date of Borrowing	Balance at the Beginning of Current Period	Balance at the End of Current Period	Average Interest Rate	Repayment Due Date	Method of Repayment	Use	Description
Short-Term Loans			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
	Total		Thousands of yen	Thousands of yen					
Long-Term Loans			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
			Thousands of yen	Thousands of yen					
	Total		Thousands of yen	Thousands of yen					

(Notes on Entries)

1. In principle, loans shall be classified into short-term and long-term and indicated by lender.
2. "Average Interest Rate" shall indicate the weighted average interest rate.
3. "Method of Repayment" shall indicate the method of repayment such as equal repayment of principal, equal repayment of interest, or lump-sum repayment on due date, etc.
4. "Description" shall indicate whether collateral is pledged or not, the name of the collateral, and any other special notes.
5. "Balance at the Beginning of the Current Period" and "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(22) Investment Corporation Bonds

Issue	Date of Issue	Balance at the Beginning of	Balance at the End of	Rate	Redemption Period	Method of Redemption	Use	Description

(Notes on Entries)

1. "Balance at the Beginning of the Current Period" and "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(23) Short-Term Investment Corporation Bonds

Issue	Date of Issue	Balance at the End of Current Period	Issue Value	Redemption Price	Description

(Notes on Entries)

1. The "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (23) - 2 Investment Equity Subscription Rights

Name of Stocks	Date of Issue	Number of Units of Investment Equity Subscription Rights Not Exercised at the End of the Current Period	Number of Investment Units to Be Issued Upon Exercise of the Said Investment Equity Subscription Rights or the Method of Calculating the Number of Units	The Amount of Money to be Contributed Upon Exercise or the Method for Calculating Such Amount	Exercise Period for Investment Equity Subscription Rights	Description

(Notes on Entries)

1. "The Amount of Money to be Contributed Upon Exercise" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (24) Trading Status of Real Estate, etc., Asset-Backed Securities, etc., and Infrastructure Assets, etc., and Infrastructure-Related Assets, etc.

Name of Real Estate, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○ Building (Real Estate)		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
Total		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
The Name of Infrastructure Assets, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○○○ (Infrastructure)		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen
Total		Thousands of yen		Thousands of yen	Thousands of yen	Thousands of yen

(Notes on Entries)

1. The "Acquisition Cost" shall indicate the amount (sales price indicated in the sales contract, etc.) that does not include various expenses required for the acquisition of the relevant real estate, etc., and infrastructure assets, etc. (real estate sales intermediary fees, sales commissions, etc. incurred when acquiring infrastructure assets, etc.), and a note to that effect shall be indicated in the margin.
2. "Acquisition Cost," "Transfer Value," "Book Value" and "Profit or Loss on Sale" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.



## (25) Sales and Purchase of Other Assets, etc.

Type of Assets	Purchased		Sold		Balance at the End of Current Period	
	Number of Certificates,	Amount	Number of Certificates,	Amount	Number of Certificates,	Amount
Shares		Thousands of yen		Thousands of yen		Thousands of yen
Investment Securities		Thousands of yen		Thousands of yen		Thousands of yen
Bonds		Thousands of yen		Thousands of yen		Thousands of yen
....		Thousands of yen		Thousands of yen		Thousands of yen
Total		Thousands of yen		Thousands of yen		Thousands of yen

(Notes on Entries)

1. The “Amount” shall indicate the delivery price (amount not including accrued interest and various expenses (trading commissions for sale and purchase, etc.)) and shall make a note to that effect in the margin.
2. “Amount” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (27) Status of Transactions with Interested Parties, etc.

## (i) Status of Transactions

Category	Transaction Amount, etc.	
	Amount of Purchase, etc.	Amount of Sale, etc.
Total	Thousands of yen	Thousands of yen
Breakdown of Status of Transaction with Interested Parties, etc.		
___ AAA Co., Ltd.	thousand yen ( % )	thousand yen ( % )
BBB Co., Ltd.	thousand yen ( % )	thousand yen ( % )
Total	thousand yen ( % )	thousand yen ( % )

## (ii) Amount of Payment Fees, etc.

Category	Total Amount of Payment Fees, etc. (A)	Breakdown of Transactions with Interested Parties, etc.		Percentage to Total Amount (B/A) %
		Payee	Payment Amount (B)	
(Building) Management Service Fees	Thousands of yen	AAA Co., Ltd.	Thousands of yen	%
		BBB Co., Ltd.	Thousands of yen	%
Real Estate Transaction Fees	Thousands of yen	CCC Co., Ltd.	Thousands of yen	%
Commission for Sale of Trust Beneficiary Right	Thousands of yen	DDD Co., Ltd.	Thousands of yen	%
Commissions Incurred in Acquiring Infrastructure Assets, etc.	Thousands of yen	EEE Co., Ltd.	Thousands of yen	%
.....	Thousands of yen	.....	Thousands of yen	%

(Notes on Entries)

1. Figures in parenthesis ( ) shall indicate the ratio to the total amount of each item rounded off to the second decimal place.
2. “Amount of Purchase, etc.,” “Amount of Sale, etc.” and “Amount of Payment Fees, etc.” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. When a transaction with an interested party, etc. is conducted in a foreign currency, the amount shall be converted into Japanese yen at the exchange rate at the time of transaction and indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors. The amount in the currency in which such transaction is made shall be indicated in parentheses in the unit corresponding to the unit of the amount converted into Japanese yen. However, the total field need not be shown in the currency in which such transaction is made.
4. If monetary payments are made to interested parties other than payment fees, etc., as described above, important matters among them shall be noted in the margin.

(28) Status of Transactions, etc., with Asset Management Company Pertaining to the Subsidiary Business Conducted by the Said Asset Management Company, etc.

Name of fees	__th Period
	From: MM/DD/YYYY To: MM/DD/YYYY
Securities Transaction Fees	Thousands of yen
••••	Thousands of yen
Total	Thousands of yen

(Notes on Entries)

1. A note in the margin shall be made concerning subsidiary business to the effect that “Subsidiary Business for this period is, ○○, ×× and •••• ”
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (29) Status of Assets, Liabilities, Principal, and Profit and Loss

## (1) Balance Sheet

(Unit: Yen)

	Previous Period (MM/DD/YYYY)	Current Period (MM/DD/YYYY)
Assets:		
Liquid Assets		
Cash and Deposits		
Cash and Deposits in Trust		
Notes Receivable		
Business Accounts Receivable		
Securities		
Advance Payments		
Parent Corporation Investment Units		
Prepaid Expenses		
Accrued Revenue		
Deferred Tax Assets		
Others		
Bad Debt Allowance		
Total Liquid Assets		
Fixed Assets		
Tangible Fixed Assets		
Building		
Accumulated Depreciation		
Buildings (Net)		
Structures		
Accumulated Depreciation		
Structures (Net)		
Machinery and Equipment		
Accumulated Depreciation		
Machinery and equipment (net)		
Land		
Construction in Progress		
Buildings in Trust		
Accumulated Depreciation		
Buildings in Trust (Net)		
Land in Trust		
Construction in Progress in Trust		
Total Tangible Fixed Assets		
Intangible Fixed Assets		
Leasehold		
Others		
Total Intangible Fixed Assets		
Investments and Other Assets		
Investment Securities		
Capital Contributions		
Deferred Tax Assets		
Leasehold and Guarantee Deposits in Trust		
Others		
Total Investments and Other Assets		
Total Fixed Assets		
Deferred Assets		
Investment Unit Issuance Expenses		
Total Deferred Assets		
Total Assets		

Liabilities:	
Liquid Liabilities	
Operating Accounts Payable	
Advances Received	
Deposits	
Accrued Expenses	
Deferred Revenue	
Deferred Tax Liabilities	
Others	
Total Liquid Liabilities	_____
Fixed Liabilities	_____
Investment Corporation Bonds	
Long-Term Loans	
Deferred Tax Liabilities	
Others	
Total Fixed Liabilities	_____
Total Liabilities	_____
Net Assets Section	
Investor Capital	
Total Amount of Contributions	
New Investment Unit Application	
Margin	
Surplus	
Capital Surplus	
Voluntary Retained Earnings	
Unappropriated Profit for the	_____
Current Period or Unappropriated	_____
Loss at the End of the Current	_____
Period (-)	_____
Total Surplus	
Own Investment Equity	
Total Investor Capital	_____
Valuation and Translation Differences,	_____
etc.	_____
Valuation Difference on Other Securities	_____
Deferred hedge profit and loss	
Total Valuation and Translation	
Differences, etc.	
Investment Equity Subscription Rights	
Total Net Assets	
Total Liabilities and Net Assets	

(Notes on Entries)

1. When the "Total Amount of Contributions" and "Deduction of Total Capital Contributions" are presented separately, if the "Deduction of Total Capital Contributions" includes allowance for temporary difference adjustments it should be noted that the said allowance for temporary difference adjustments shall be shown separately from other deductions of capital contributions.
2. If the "Voluntary Retained Earnings" in the "Surplus" of the "Investor Capital" in the "Net Assets Section" includes the special reserve for reduction in replacement or the reserve for temporary difference adjustments, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustments shall be indicated separately from other voluntary retained earnings.
3. When "Capital Surplus" and "Deduction of Capital Surplus" are presented separately, if allowance for temporary difference adjustments is included in the "Deduction of Capital Surplus", it should be noted that the said allowance for temporary difference adjustments shall be shown separately from other deductions of capital surplus.
4. Items related to investment equity subscription right may be classified as deduction items for items related to own investment equity subscription rights.
5. The amount of own investment equity subscription rights must be directly deducted from the amount of investment equity subscription rights and the amount remaining after deduction must be indicated as the amount of investment equity subscription rights. However, this does not preclude the presentation of own investment equity subscription rights from as a deduction.

## (2) Profit and Loss Statement

(Unit: Yen)

	Previous Period (From MM/DD/YYYY To MM/DD/YYYY)	Current Period (From MM/DD/YYYY To MM/DD/YYYY)
Operating Revenue		
Rental Revenue from Real Estate		
Rental Business Revenue		
Other Rental Business Revenue		
Profit on Sale of Real Estate, etc.		
Rental Income from Renewable Energy		
Power Generation Facilities		
Profit on Sale of Renewable Energy		
Power Generation Facilities		
Profit on Sale of Right to Operate		
Public Facilities, etc.		
Profit on Sale of Public Facilities, etc.		
Management Business Revenue from		
Public Facilities, etc.		
Interest Income		
Dividend income		
Total Operating Revenue		
Operating Expenses		
Rental Business Expenses		
Loss on Sale of Renewable Energy		
Power Generation Facilities		
Loss on sale of Right to Operate Public		
Facilities, etc.		
Loss on Sale of Public Facilities, etc.		
Management Business Expenses for		
Public Facilities, etc.		
Asset Management Fees		
Asset Custody Fees		
General Clerical Fees		
Officer's Remuneration		
Impairment Loss		
Other Operating Expenses		
Total Operating Expenses		
Operating Income		
Non-operating Income		
Total Non-operating Income		
Non-operating Expenses		
Interest Expense		
Investment Corporation Bond Interest		
Amortization of Investment		
Corporation Bond Issuance Expenses		
Total Non-operating Expenses		
Ordinary Income		
Extraordinary Income		
Gain on Negative Goodwill		
Total Extraordinary Income		
Extraordinary Losses		
Impairment Loss		
Loss Due to Disaster		
Total Extraordinary Losses		
Total Net Income for Current Period		
before Taxes		
Corporate Tax, Inhabitant Tax and		
Business Tax		
Corporate Tax Adjustments		
Total Corporate Tax, etc.		
Net Income for Current Period		
Profit Carried Forward from the		
Previous Period		
Profit Carried Forward from the		
Previous Term before Retroactive		
Application or Loss Carried Forward		

from the Previous Term before  
Retroactive Application  
Impact of the Retrospective  
Applicability  
Total Profit or Loss Carried Forward  
from the Previous Period  
Unappropriated Profit or  
Unappropriated Loss for the Current  
Period (-)

(Notes on Entries)

1. It should be noted that if the amount of any reversal of retained profits for a certain purpose included in “Unappropriated Profit or Unappropriated Loss at the End of the Current Period (-)” includes any reversal of special reserve for reduction in replacement or the reserve for temporary difference adjustments, it should be noted that the amount of such reversal of special reserve for reduction in replacement or the reserve for temporary difference adjustments shall be indicated separately from any other reversal.

(3) Statement for Cash Distributions

Statement for Cash Distributions	
	Previous Period    Following Period
	(From MM/DD/YYYY    MM/DD/YYY
	To From MM/DD/YYYY    MM/DD/YYY
I. Unappropriated Profit for Current Period	
II. Additional Distributions of Excess of Profit	
Deduction of Total Capital Contributions	
Deduction of Capital Surplus	
III. Distribution Amount	
(Amount of Distribution per Investment Unit)	
(of which, distributions in excess of earnings)	
IV. Voluntary Retained Earnings	
×× Provision of Reserve	
×× Provision of Reserve	
V. Profit Carried Forward to Next Period	
Method of Calculating the Amount of Distribution	
Amount of Distribution per Investment Unit	

(Notes on Entries)

1. In the event that the “Voluntary Retained Earnings” is to be reversed and appropriated to cash distributions for the current fiscal period, and the reversal amount includes the reversal amount set forth in Article 18-2, Paragraph 1, Item 3 of the Regulations Concerning Calculation of Investment Corporation or the reversal amount of the reserve for temporary difference adjustments, it should be noted that such reversal amount must be indicated separately from the reversal amount of other reserves.
2. When the item of “IV. Voluntary Retained Earnings” includes the special reserve for reduction in replacement or the reserve for temporary difference adjustment, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustment must be shown separately from other voluntary retained earnings.
3. As to indication of “Deduction of Total Capital Contributions” and “Deduction of Capital Surplus” when allowance for temporary difference adjustments is included in the amount of distribution in excess of profits, it should be noted that the amount of deduction for such allowance for temporary difference adjustments must be indicated separately from any other deductions.
4. In the case where profits are incorporated into total capital contribution and the deduction for total capital contribution is

subtracted, if the amount of the said subtraction includes the reversal of the allowance for temporary difference adjustments, the portion of the amount of the said subtraction consisting of the reversal of the allowance for temporary difference adjustments shall be indicated separately from other subtractions, and if the allowance for temporary difference adjustments pertaining to capital surplus is transferred to the deduction of capital surplus, that fact and the amount thereof shall be indicated.

(4) Statement of changes in investor capital

Previous period (from MM/DD/YYYY to MM/DD/YYYY)

	Investor Capital							Valuation and Translation Differences, etc.			Investment Equity Subscription Rights	Total Net Assets
	Total Amount of Contributions	New Investment Unit Application Margin	Surplus			Own Investment Equity	Total Investor Capital	Valuation Difference on Other Securities	Deferred hedge profit and loss	Total Valuation and Translation Differences, etc.		
			Capital Surplus	Voluntary Retained Earnings	Unappropriated Profit or Unappropriated Loss at the End of the Current Period (-)							
Balance at the Beginning of Current Period												
Cumulative Effect of Retrospective Application												
Balance at the Beginning of the Current Period after Retrospective Adjustment												
Fluctuation for Current Period												
• • •												
Fluctuation in items other than investor capital during current period (Net)												
Total Fluctuations during Current Period												
Balance at the End of Current Period												

Current period (from MM/DD/YYYY to MM/DD/YYYY)

	Investor Capital							Valuation and Translation Differences, etc.			Investment Equity Subscription Rights	Total Net Assets	
	Total Amount of Contributions	New Investment Unit Application Margin	Surplus				Own Investment Equity	Total Investor Capital	Valuation Difference on Other Securities	Deferred hedge profit and loss			Total Valuation and Translation Differences, etc.
			Capital Surplus	Voluntary Retained Earnings	End of the	Unappropriated Loss at the							
Balance at the Beginning of Current Period													
Cumulative Effect of Retrospective Application													
Balance at the Beginning of the Current Period after Retrospective Adjustment													
Fluctuation for Current Period													
• • •													
Fluctuation in items other than investor capital during current period (Net)													
Total Fluctuations during Current Period													
Balance at the End of Current Period													

(Notes on Entries)

1. If the “Voluntary Retained Earnings” in the “Surplus” of the “Investor Capital” includes the special reserve for reduction in replacement or the reserve for temporary difference adjustments, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustments shall be shown separately from other voluntary retained earnings.
2. It shall be possible to prepare a form in which each item of net assets is arranged vertically.
3. Items related to investment equity subscription rights may be classified as deduction items for own investment equity subscription rights.
4. The amount for own investment equity subscription rights shall be directly deducted from the amount of investment equity subscription rights and the amount remaining after deduction shall be indicated as the amount of investment equity subscription rights. However, this does not preclude the presentation of own investment equity subscription rights from as a deduction.



(30) Change in Method of Calculating Depreciation

	Date of Change in Calculation Method	Calculation Method Adopted Before the Change	Amount Calculated Using the Pre-change Calculation Method	Newly Adopted Calculation Method After Change	Amount Calculated by the Method of Calculation After Change	Reason for Change	Others
○ Building Equipment							
× Building Equipment							
○○○○○							
○○○○○							

(Notes on Entries)

1. “Amount Calculated” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(31) Change in Valuation Method of Real Estate, etc. and Infrastructure Assets, etc.

	Date of Change of Valuation Method	Valuation Method Adopted Before Change	Appraised Value Using the Pre-change Valuation Method	Newly Adopted Valuation Method After Change	Appraised Value After Change	Reason for Change	Others
○ Building							
× Building							
○○○○○							
○○○○○							

(Notes on Entries)

1. “Appraised Value” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(32) Status, etc., of In-House Establishment of Investment Trust Beneficiary Certificates, etc.

(i) Status of Acquisition, etc.

Date: MM/DD/YYYY	Number of Units Acquired	Number of Units Disposed	Number of Units Held
Cumulative			

(Notes on Entries)

1. In the “Number of Units Held” field, enter the number of units the investment trust management company continues to hold after the relevant acquisition, etc.
2. In the “Cumulative Total” field, enter the number of units acquired and disposed of over the past five years, including the end of the current period, the cumulative total of each, and the number of units held at the end of the current period.

(ii) Status of Holdings, etc.

	Number of Units Held at End of Period	Total Holdings at End of Period	Ratio to Total Number of Units Issued
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			

(Notes on Entries)

1. "Total Holdings at End of Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. In the column of "Ratio to Total Number of Units Issued," the ratio of the number of units held at the end of the period to the total number of units issued shall be rounded off to the second decimal place and indicated to the first decimal place.

(34) Disclosure of Overseas Real Estate Holding Corporations

Name	Amount Invested	Organizational Structure, Purpose, Business Activities, and Profit Distribution Policy	Ratio of the Number or Amount of Shares or Capital Contributions to the Total Number or Amount of Issued Shares or Capital Contributions	Details of Regulations Pertaining to Dividends in the Country of Residence
	Thousands of yen		%	
	Thousands of yen		%	

(Notes on Entries)

1. The "Amount Invested" shall be the amount converted into Japanese yen at the exchange rate at the time of investment and indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors. Also, the amount in the currency in which such contribution is made shall be indicated in parentheses in the unit corresponding to the unit of the amount converted into Japanese yen.
2. "Ratio of the Number or Amount of Shares or Capital Contributions to the Total Number or Amount of Issued Shares or Capital Contributions" shall be rounded off to the second decimal place and indicated to the first decimal place.

(35) Disclosure of Real Estate Owned by Overseas Real Estate Holding Corporation

Name	Location	Form of Ownership	Calculated Value at the End of Period	Previous Period (MM/DD/YYYY - MM/DD/YYYY)				Current Period (MM/DD/YYYY - MM/DD/YYYY)					
				Total Number of Tenants at End of Period	Occupancy Rate at End of the Period	Rental Business Revenue During the Earning Period	Proportion to Total Rental Business Revenue	Sales Amount During the Period	Total Number of Period at End of the Period	Occupancy Rate at End of the Earning Period	Rental Business Revenue During the Earning Period	Proportion to Total Rental Business Revenue	Sales Amount During the Period
			Thousands of yen		%	Thousands of yen	%	Thousands of yen		%	Thousands of yen	%	Thousands of yen
			Thousands of yen		%	Thousands of yen	%	Thousands of yen		%	Thousands of yen	%	Thousands of yen
			Thousands of yen		%	Thousands of yen	%	Thousands of yen		%	Thousands of yen	%	Thousands of yen
			Thousands of yen		%	Thousands of yen	%	Thousands of yen		%	Thousands of yen	%	Thousands of yen
Total	—	—	Thousands of yen		%	Thousands of yen	%	Thousands of yen		%	Thousands of yen	%	Thousands of yen

(Notes on Entries)

- The field “Calculated Value at the End of Period,” shall indicate the appraised value at the end of period, which is calculated by the valuation method stipulated in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. For overseas real estate, etc., the appraised value at the end of period shall be indicated in Japanese yen converted at the exchange rate at the end of the period.  
For overseas real estate, etc., the amount in the currency of acquisition of the relevant assets shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency conversion. However, the Total field need not be shown in the currency of such acquisition.
- When the assets concerned are overseas real estate, etc., the amount of “Rental Business Revenue” shall be valued and converted at the average exchange rate during the period.  
With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.
- Figures for “Calculated Value at the End of Period” and “Rental Business Revenue” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
- The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place.
- When the assets concerned are overseas real estate, etc., “Sales Amount” shall indicate the total trading value of the investment corporation during the business period valuated and converted at the average exchange rate during the period.  
With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.

# Committee Resolution Concerning Investment Report of Infrastructure Investment Trusts

Established on July 16, 2015  
Revised on May 18, 2017  
Revised on April 18, 2019

This committee resolution stipulates the form and presentation guidelines of the items to be indicated in connection with the investment report provided in Article 31 and the asset management reports provided in Article 35 to which the Self-Regulation Committee has been delegated pursuant to the Rules for investment reports, etc., for investment trusts and investment corporations.

1. The form and the presentation guidelines of items to be indicated pertaining to the investment report provided in Article 31 of the Rules shall be as shown in Attached Table 6.
2. The form and the presentation guidelines of items to be indicated pertaining to the asset management report provided in Article 35 of the Rules shall be as shown in Attached Table 7.

## Supplementary Provision

This committee resolution shall come into effect on July 16, 2015.

## Supplementary Provision

This amendment shall come into effect on May 18, 2017.

\* The revisions are as follows:

- (1) Attached Table 6 (14) (i) (b)
- (2) Attached Table 7 (14) (i) (b)

## Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

Attached Table 6: Format and Indication Example of Investment Reports for Infrastructure Investment Trusts  
(Article 31 of the Rules)

(1) Changes in investment trust property management status, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Operating Revenue	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Ordinary Income	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Current Period Net Income	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Total Assets	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)
Net Assets	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)
Base Value (Amount of Net Assets per Unit)	Yen	Yen	Yen	Yen	Yen
Equity Ratio	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)

(Notes on Entries)

1. “Operating Revenues,” “Ordinary Income,” “Total Net Income for Current Period,” “Total Assets” and “Net Assets” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. The “Amount of Net Assets per Unit” shall be indicated in units of yen. However, other units may be used.
3. “Equity Ratio” and “Comparison to Previous Period,” shall be rounded off to the second decimal place and indicated to the first decimal place.

(3) Status of Trust Principal, etc.

MM/DD/YYYY	Description	Number of Units of Beneficial Interest Issued		Total Amount of Trust Principal		Remarks
		Increase or decrease	Balance	Increase or decrease	Balance	

(Notes on Entries)

1. The “Description” shall indicate whether it is a “Capital Increase” (public offering or private placement), “Installments,” or “Amalgamation,” etc., separately.
2. The “Total Amount of Trust Principal” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. “Remarks” shall indicate the reasons for the act and other matters deemed important for investor protection.

(4) Performance of Distributions, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Total Net Income for Current Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Retained Earnings	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Total Cash Distributions (Distributions per Unit)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)
Of which, Total Profit Distributions (Profit Distributions per Unit)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)
Of which, Total Return of Investment Principal (Return of Investment Principal per Unit)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)	Thousands yen (        yen)

(Notes on Entries)

1. "Total Net Income for Current Period," "Retained Earnings," "Total Cash Distributions," "Total Profit Distributions," and "Total Principal Payment" shall be indicated in units of 1,000 yen or units of 1 million yen. "Distributions per Unit," "Profit Distribution Per Unit," and "Return of Investment Principal per Unit" shall be indicated in units of yen. However, other units may be used when deemed appropriate for the protection of investors.

(12) Composition of Investment Trust Property

	Total Holdings		Proportion to Total Assets		Foreign Currency-Denominated Assets Held	
	Amount of real infrastructure assets held		Proportion to Total Assets		Valuation Gains or Losses of Foreign Exchange	Proportion to Total Assets
Renewable Energy Power Generation Facilities	Thousands yen		%		Thousands yen	%
Right to Operate Public Facilities	Thousands yen		%		Thousands yen	%
<b>R e a l E s t a t e</b>	Thousands yen		%		Thousands yen	%
<b>Superficies Rights</b>	Thousands yen		%		Thousands yen	%
Rights of Lease of Real Estate	Thousands yen		%		Thousands yen	%
Infrastructure Trust Beneficiary Rights	Thousands yen		%		Thousands yen	%
Silent Partnership Equity	Thousands yen		%		Thousands yen	%
. . . . .	Thousands yen		%		Thousands yen	%
<b>O t h e r A s s e t s</b>	Thousands yen		%		Thousands yen	%
<b>T o t a l A s s e t s</b>	Thousands yen		%		Thousands yen	%

(Notes on Entries)

- When “Superficies Rights” and “Rights of Lease of Real Estate” are held together with buildings, etc., they shall be combined and indicated together with buildings, etc., in the “Real Estate” field.
- “Total Holdings” shall indicate the book value at the end of the period including the amount of foreign currency denominated assets held. “Amount of real infrastructure assets held” shall indicate the amount obtained by deducting cash held in said assets from the book value at the end of the period for said assets.
- Regarding the “Proportion to Total Assets,” the ratio of said assets “amount of real infrastructure assets held” to total assets shall be written in parentheses.
- “Foreign Currency-Denominated Assets Held,” shall indicate the amount of overseas infrastructure-related assets and overseas real estate held out of the total amount held, valued and converted at the exchange rate at the time of acquisition. “Valuation Gains or Losses of Foreign Exchange” shall display the amount obtained by subtracting the book value at the end of the period valued and converted at the exchange rate at the time of acquisition from the book value at the end of the period valued and converted at the exchange rate at the end of the period. “Proportion to Total Assets” shall indicate the ratio of said assets to the total amount of assets.
- “Proportion to Total Assets” shall be rounded off to the second decimal place and indicated to the first decimal place.
- The “Total Holdings,” “Actual Real Estate Holdings,” “Foreign Currency-Denominated Assets Held” and “Valuation Gains or Losses of Foreign Exchange” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
- The field “Foreign Currency Denominated Assets Held” may be omitted if there are no overseas infrastructure-related assets or overseas real estate holdings.

(13) Major Assets Held

Summary of assets including infrastructure assets	Matters regarding valuation of assets including infrastructure assets	Matters regarding income arising from assets including infrastructure assets	Matters exerting a material impact on investment decisions for assets including infrastructure assets

Name of Real Estate, etc.	Book Value	Leasable Area	Leased Area	Occupancy Rate	Proportion to Total Rental Business Revenue	Principal Use
Building (Trust Beneficiary Right)	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
<b>Total</b>	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	

(Notes on Entries)

1. “Summary of assets including infrastructure assets” shall describe, for example, the name, location, use, size, structure, performance, etc., in an easy-to-understand manner.
2. “Matters regarding valuation of assets including infrastructure assets” shall describe, for example, the price of assets, including infrastructure assets, recognized as fair (including the valuation method and the name or title of the evaluator), details of collateral and matters that exert a material impact on valuation of assets including infrastructure assets in an easy-to-understand manner.
3. “Matters regarding income arising from assets including infrastructure assets” shall describe, for example, the status of revenues generated from assets including infrastructure assets (including a breakdown thereof), specific actual results of projects from which revenues are generated, and information for reference in evaluating such actual results in an easy-to-understand manner.
4. Assets including infrastructure assets traded on an exchange shall describe the exchange, and assets to which the other party with rights is entitled shall be classified by area according to the address or location of the other party with rights, and for each such asset, the name, quantity, price (book value and market value or appraised value (together with the method of valuation)), and investment ratio of the asset shall be described together.
5. “Name of Real Estate, etc.,” shall indicate the name, etc., indicated in the Securities Registration Statement, etc.
6. “Book Value” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
7. For the number of properties, land, buildings, surface rights, leasehold rights, etc., located at the same parcel number, etc., shall be counted as one property.
8. “Leasable Area” and “Leased Area” shall be indicated in units of m<sup>2</sup>. However, other units may be used when deemed appropriate for the protection of investors.
9. The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place. However, other units may be used when deemed appropriate for the protection of investors.
10. The term “Principal Use” shall indicate what is deemed appropriate as the “Principal Use” of the relevant asset or the underlying asset of the said asset at the discretion of the investment trust entrustment business, taking into consideration such factors as the ratio of rental area and rental revenue by use for the said asset or the underlying asset of the said asset.



(14) Details of Incorporated Assets

(i) Details of Renewable Energy Power Generation Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Depreciation or Amortization		Balance at End of Current Period	Description
					Accumulated Amortization	Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. The “Liquid Assets,” “Tangible Fixed Assets,” and “Intangible Fixed Assets” fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for “Balance at the Beginning of the Current Period,” “Increase During Current Period,” “Decrease During Current Period,” and “Balance at the End of the Current Period,” shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during the current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the “Description” field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc., shall be displayed as an internal note (in parentheses) in the “Increase During Current Period” or “Decrease During Current Period” fields, and the reason for increase or decrease shall be indicated in the “Description” field.

(b) Details of Renewable Energy Power Generation Facilities, etc.

Classification of Equipment, etc.	No.	Name	Location	Districts and Zones	Site Area	Structure	Date of Certification	Name of Certified Business Operator, etc.	Name of the Other Party of the Specified Contract, etc.	Procurement Price, etc.	Procurement Period, etc.	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Subtotal	-	-	-	-		-	-	-	-	-	-	-			-
Total	-	-	-	-		-	-	-	-	-	-	-			-

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. In the "Name" field, indicate the name which adequately represents the renewable energy power generation facility, such as the name of the facility described in the application for approval by the Minister of Economy, Trade and Industry pursuant to Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.
3. In the "Location" field, indicate the location (up to the lot number) of the renewable energy power generation facility and the land and other assets to be used for the power generation project incidental thereto (hereinafter referred to as "renewable energy power generation facility, etc." in (b) and (c)).
4. In the "Districts and Zones" field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968) shall be indicated.
5. In the "Structure" field, indicate the structure, etc., of the renewable energy power generation facility (in the case of land, the land classification).
6. In the "Date of Certification" field, enter the date of approval by the Minister of Economy, Trade and Industry pursuant to the provision of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities when the renewable energy power generation facilities fall under the category of certified power generation facilities (if any change has been approved pursuant to the provision of Article 10, Paragraph 1 of the same Act, the date of certification and the details of such change, and if any change has been notified pursuant to the provision of Paragraph 2 or 3 of the said Article, the date of acceptance of such notification and the details of such change shall be included).
7. In the "Name of Certified Business Operator, etc." field, when the renewable energy power generation facilities fall under the category of certified power generation facilities, the name of the certified business operator shall be indicated, and in other cases, the name of the person who is considered the provider shall be indicated.
8. In the "Name of the Other Party of the Specified Contract, etc." field, the name of the other party of the specific contract shall be indicated when the renewable energy power generation facilities fall under the category of certified power generation facilities, and in other cases, the name of the other party of the electricity supply contract shall be indicated.
9. In the "Procurement Price, etc." field, indicate the procurement price when the renewable energy power generation facilities fall under the category of certified power generation facilities, otherwise, the price per kilowatt hour of renewable energy electricity to be supplied under the power supply contract shall be indicated.
10. In the "Procurement Period, etc." field, indicate the procurement period when the renewable energy power generation

facilities fall under the category of certified power generation facilities, or the contract period of the power supply contract in other cases.

11. In the "Date of Acquisition" field, indicate the date of acquisition of the renewable energy power generation facility, etc.
12. Subtotals in the "Site Area," "Acquisition Cost" and "Book Value at the End of the Current Period" fields shall be the subtotal for each category of facilities.
13. In the "Status of Collateral" field, if the renewable energy power generation facility, etc. in question is pledged as collateral, an indication to that effect shall be given.
14. The "No." field shall be consistent with the organization No. of such renewable energy power generation facilities in "(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc."

(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc.

	Organization No.	Name of Property	Location
Renewable Energy Power Generation Facilities			
Land			
Building			
Renewable Energy Power Generation Facilities			
Land			
Building			

Item	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY
Rental Business Revenue Rent .....					
Rental Business Revenue Subtotal A					
Rental Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, .....) (of which, .....) Depreciation (of which, .....) (of which, .....) .....					
Rental Business Expenses Subtotal B					
Renewable Energy Power Generation Equipment Rental Business Profits and Losses A-B					

(Notes on Entries)

1. This table shall be prepared for each renewable energy power generation facility. When land or other assets used for power generation business are leased as one unit, revenues and expenses related to such assets shall also be indicated. If the renewable energy generation facility and land or other assets are managed in an integrated manner, such properties are not precluded from being prepared as a single property.
2. Shall prepare for the past five periods.

3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. In addition to machinery and equipment, depreciation expenses shall also indicate buildings, appliances, fixtures, etc., relevant to the renewable energy power generation facility.

(ii) Details of Rights to Operate Public Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Amortization	Depreciation or	Balance at End of Current Period	Description
						Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. The Right to Operate Public Facilities, etc., public facilities etc., pertaining to the Right to Operate Public Facilities etc., and land and other assets acquired incidental to the business of operating public facilities etc., pertaining to the Right to Operate Public Facilities, etc. (hereinafter referred to as "Right to Operate Public Facilities, etc." in (b) and (c)) shall be indicated.
2. The "Liquid Assets," "Tangible Fixed Assets," and "Intangible Fixed Assets" fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for "Balance at the Beginning of the Current Period," "Increase During Current Period," "Decrease During Current Period," and "Balance at the End of the Current Period," shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the "Description" field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc. shall be displayed as an internal note (in parentheses) in the "Increase During Current Period" or "Decrease During Current Period" fields, and the reason for increase or decrease shall be indicated in the "Description" field.

(b) Details of the Right to Operate Public Facilities, etc.

No.	Name	Matters regarding public facilities, etc.					Matters Regarding the Right to Operate Public Facilities, etc.					
		Location	Districts and Zones	Name of Manager, etc.	Name of the other party to the entrustment contract for the operation of public facilities, etc.	Structure	Total Area	Duration	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral

(Notes on Entries)

1. If land or other assets are acquired incidental to the management of public facilities pertaining to the Right to Operate Public Facilities, the relevant assets shall also be indicated in the fields for “No.,” “Name,” “Location,” “Districts and Zones,” “Structure,” “Total Area,” “Date of Acquisition,” “Acquisition Cost,” “Book Value at the End of Current Period,” and “Status of Collateral.”
2. In the “Location” field, indicate the location (up to the lot number) of such public facilities, etc.
3. In the “Districts and Zones” field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act shall be indicated.
4. In the column of “Name of Manager, etc.,” indicate the name of the manager, etc., of such public facilities, etc.
5. In the “Structure” field, indicate the structure (land category in the case of land) of such public facilities, etc.
6. In the “Duration” field, the duration (beginning and ending) of the said Right to Operate Public Facilities, etc. shall be indicated.
7. In the “Date of Acquisition” field, indicate the date of acquisition of the Right to Operate Public Facilities, etc.
8. In the “Status of Collateral” field, if the Right to Operate Public Facilities, etc. is pledged as collateral, an indication to that effect shall be given.
9. The “No.” field shall be consistent with the organization No. in “(c) Details of Revenue Status of Right to Operate Public Facilities, etc.”

(c) Details of Revenue Status of Right to Operate Public Facilities, etc.

	Organization No.	Name of Property	Location
Right to Operate Public Facilities, etc.			
Land			
Building			
Right to Operate Public Facilities, etc.			
Land			
Building			

Item	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY
Revenue from public facilities operating business . . . . .					
Revenue from public facilities operating business Subtotal A					
Operating Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation or Amortization (of which, . . . . .) (of which, . . . . .) . . . . .					
Expenses for public facilities operating business Subtotal B					
Profit and loss from public facilities operating business A-B					

(Notes on Entries)

1. This table shall be prepared for each Right to Operate Public Facilities, etc. If land or other assets are acquired incidental to the operation of public facilities, etc., pertaining to the Right to Operate Public Facilities, etc., such assets shall also be indicated.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. Depreciation or amortization shall include not only the Right to Operate Public Facilities, etc., but also assets acquired incidental to the operating project.
5. If the operating business expenses include the expenses prescribed in Article 20 of the Act on Promotion of Private Finance Initiative, the amount and the breakdown of the amount shall be stated in the margin.

## (iii) Details of incorporated real estate assets

Name of Real Estate, etc.	Location	Form of Ownership	Calculated Value at the End of Period	Previous Period (MM/DD/YYYY - MM/DD/YYYY)				Current Period (MM/DD/YYYY - MM/DD/YYYY)			
				Total Number of at End of the Period	Occupancy Rate at End of the Period	Rental Business Revenue During the Period	Proportion to Total Rental Business Revenue	Total Number of at End of the Period	Occupancy Rate at End of the Period	Rental Business Revenue During the Period	Proportion to Total Rental Business Revenue
	○○ Ward, Tokyo		Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
Total	—	—	Thousands yen		%	Thousands yen	%		%	Thousands yen	%

## (Notes on Entries)

- The field “Calculated Value at the End of Period,” shall indicate the appraised value at the end of period, which is calculated by the valuation method stipulated in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. For overseas real estate, etc., the appraised value at the end of period shall be indicated in Japanese yen converted at the exchange rate at the end of the period.  
For overseas real estate, etc., the amount in the currency of acquisition of the relevant assets shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency conversion. However, the Total field need not be shown in the currency of such acquisition.
- If the asset is overseas real estate, etc., the amount of “Rental Business Revenue” shall be the amount of rental business revenue valued and converted at the exchange rate at the end of the period.  
With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.
- Figures for “Calculated Value at the End of Period” and “Rental Business Revenue” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
- The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place.
- The land and other assets indicated in “(i) Details of Renewable Energy Power Generation Facilities, etc.” and “(ii) Details of Rights to Operate Public Facilities, etc.” shall not be indicated.

## (iv) Details of Assets Incorporated in Securities

Name of Stocks	Type of Assets	Quantity	Book Value		Appraised Value		Valuation Profit or Loss	Remarks
			Unit Price	Amount	Unit Price	Amount		
				Thousands yen		Thousands yen	Thousands yen	
				Thousands yen		Thousands yen	Thousands yen	
Total				Thousands yen		Thousands yen	Thousands yen	

(Notes on Entries)

1. The "Book Value," "Appraised Value," and "Valuation Profit or Loss" fields shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (15) Status of Other Assets

## (i) Stocks and investment securities

Issue	Number of Shares	Acquisition Cost		Appraised Value		Valuation Profit or Loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

## (ii) Securities other than stocks

(Unit: )

Type	Issue	Total Face Value	Book Value	Accrued Interest Income	Advance Payments Accrued interest	Appraised Value	Valuation Profit or Loss	Remarks
Total								

## (iii) Detailed Statement of Margin Transaction Balance

(Unit: )

Issue	Margin Transaction			Valuation Profit or Loss	Remarks
	Number of Shares Sold	Book Value	Appraised Value		



(iv) Table of Contract Amount and Market Value of Specified Transactions and Exchange Contract

Transactions, etc.

(Unit: )

Category	Type	Contract Amount, etc.		Current Value
			Of which, more than one year	
Market Transactions	Futures Transactions			
	Sell contracts			
	Buy contracts			
	Option Transactions			
	Sell contracts			
	Call			
	Put			
Transactions other than Market Transactions	Buy contracts			
	Call			
	Put			
	Forward Transactions			
	Sell contracts			
	Buy contracts			
	Exchange Contract Transactions			
Sell contracts				
Buy contracts				
Option Transactions				
Sell contracts				
Call				
Put				
Buy contracts				
Call				
Put				
Swap transaction				
Variable Receipts and Fixed Payments				
Fixed Receipts and Variable Payments				
Others				
Total				

(v) Details of Other Specified Assets

(Unit: )

Type of Specified Assets	Quantity	Book Value		Appraised Value		Valuation Profit or Loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

## (16) Status of Asset Holdings by Country and Region

Country	Total Holdings	Calculated Value at the End of Period	Proportion to	Number of properties
			Total Assets	
Japan	Thousands yen	Thousands yen	%	Properties
U.S.A.	Thousands yen	Thousands yen	%	Properties
...	Thousands yen	Thousands yen	%	Properties
Total	Thousands yen	Thousands yen	100%	Properties

(Notes on Entries)

1. "Total Holdings" shall indicate the book value at the end of the period, and "Calculated Value at the End of Period" shall indicate the valuation at the end of the period in accordance with the valuation methods set forth in Article 5, Article 6, and Article 7 of the Regulations on Infrastructure Investment Trusts. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may also be indicated together when deemed appropriate for the protection of investors.
2. The "Total Holdings" of overseas infrastructure-related assets and overseas real estate shall be converted into Japanese yen using the exchange rate at the time of acquisition, and the "Calculated Value at the End of Period" shall be converted into Japanese yen using the exchange rate at the end of period.
3. The "Proportion to Total Assets" shall indicate the ratio of the calculated value at the end of the period of each relevant country or region to the total calculated value at the end of the period, and shall be rounded off to the second decimal place and indicated to the first decimal place.

## (17) Schedule of Capital Expenditures

Name of Infrastructure Assets, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen

Name of Real Estate, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. The "Construction Cost or Payment Amount" shall be indicated on a work basis or on a payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For "Construction Cost or Payment Amount," specify in the margin that the amount is indicated on a "work basis" or "payment basis."

## (18) Capital Expenditures during the Period

Name of Infrastructure Assets, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen

Name of Real Estate, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” it should be clearly indicated in the margin that it is indicated on a “Work Basis” or “Payment Basis.”

#### (19) Money Accumulated for Long-Term Repair Plans

Business Period	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY
Balance of Funds Reserved at the End of the Previous Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount Reserved for Current period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount of Reversal of Reserve for Current Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount Carried Forward	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. The “Reserve Fund” referred to in this table refers to the money that must be actually set aside systematically and regularly each period from surplus cash flow such as depreciation expenses, etc. (including that associated with profits internally retained) in accordance with the long-term repair plan indicated in the asset management plan stipulated in Article 8, Paragraph 2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations.
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

#### (20) Details of Expenses for Management, etc.

Item	Current Period	Description of Service
(a) Total Trust Fees	Thousands yen	
Consignor Fees	Thousands yen	
Of which, clerical service charge	Thousands yen	
Trustee Fees	Thousands yen	
(b) Other Expenses	Thousands yen	
Total	Thousands yen	-

(Notes on Entries)

1. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “(b) Other Expenses,” if there are expenses directly paid from the investment trust property other than trust fees, the total amount shall be displayed.
3. In the “Description of Service” field, the details of expenses for which each expense is a consideration shall be described, and for “(b) Other Expenses,” the details of services for which each cost is a consideration shall be described upon describing the breakdown of specific costs.

(21) Status of Borrowing

Category	Lender	Date of Borrowing	Balance at the End of the Previous Period	Balance at the End of Current Period	Average Interest Rate	Repayment Due Date	Method of Repayment	Use	Description
			Thousands yen	Thousands yen					
Short-Term Loans			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
	Total		Thousands yen	Thousands yen					
Long-Term Loans			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
	Total		Thousands yen	Thousands yen					

(Notes on Entries)

1. In principle, loans shall be classified into short-term and long-term and indicated by lender.
2. "Average Interest Rate" shall indicate the weighted average interest rate.
3. "Method of Repayment" shall indicate the method of repayment such as equal repayment of principal, equal repayment of interest, or lump-sum repayment on due date, etc.
4. "Description" shall indicate whether collateral is pledged or not, the name of the collateral, and any other special notes.
5. "Balance at the End of the Previous Period" and "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(22) Trading of Infrastructure Assets, Infrastructure-Related Assets, Real Estate, and Asset-Backed Securities

Name of Infrastructure Assets, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○○○ (Infrastructure Assets)		Thousands yen		Thousands yen	Thousands yen	Thousands yen
		Thousands yen		Thousands yen	Thousands yen	Thousands yen
Total		Thousands yen		Thousands yen	Thousands yen	Thousands yen

Name of Real Estate, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○ Building (Real Estate)		Thousands yen		Thousands yen	Thousands yen	Thousands yen
		Thousands yen		Thousands yen	Thousands yen	Thousands yen
Total		Thousands yen		Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. "Acquisition Cost" shall indicate the amount excluding various expenses required for the acquisition of infrastructure assets and real estate (such as trading fees incurred in the acquisition of the infrastructure assets and real estate trading brokerage fees), and that shall be explained in a marginal note.
2. "Acquisition Cost," "Transfer Value," "Book Value" and "Profit or Loss on Sale" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (23) Sales and Purchase of Other Assets, etc.

Type of Assets	Purchased		Sold		Balance at the End of Current Period	
	Number of Certificates, etc.	Amount	Number of Certificates, etc.	Amount	Number of Certificates, etc.	Amount
Shares		Thousands yen		Thousands yen		Thousands yen
Investment Securities		Thousands yen		Thousands yen		Thousands yen
Bonds		Thousands yen		Thousands yen		Thousands yen
....		Thousands yen		Thousands yen		Thousands yen
Total		Thousands yen		Thousands yen		Thousands yen

(Notes on Entries)

1. The "Amount" shall indicate the delivery price (amount not including accrued interest and various expenses (trading commissions for sale and purchase, etc.)) and shall make a note to that effect in the margin.
2. "Amount" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (25) Status of Transactions with Interested Parties and Major Shareholders

## (i) Status of Transactions

Category	Transaction Amount, etc.	
	Amount of Purchase, etc.	Amount of Sale, etc.
Total	Thousands yen	Thousands yen
	Of which, the amount to be purchased from interested parties, etc. ____,000 yen ( % )	Of which, the amount of sales to interested parties, etc. ____,000 yen ( % )
Breakdown of Status of Transaction with Interested Parties, etc.		
___ Co., Ltd.	__,000 yen ( % )	__,000 yen ( % )
×× Co., Ltd.	__,000 yen ( % )	__,000 yen ( % )
Total	__,000 yen ( % )	__,000 yen ( % )

## (ii) Amount of Payment Fees, etc.

Classification	Payment Fees, etc. Total Amount ( )	Breakdown of Transactions with Interested Parties, etc.		Percentage to Total Amount ( / ) %
		Payee	Payment Amount ( )	
(Building) Management Service Fees	Thousands yen	AAA Co., Ltd.	Thousands yen	%
		BBB Co., Ltd.	Thousands yen	%
Commissions Incurred in Acquiring Infrastructure Assets, etc.	Thousands yen	CCC Co., Ltd.	Thousands yen	%
Real Estate Transaction Fees	Thousands yen	DDD Co., Ltd.	Thousands yen	%
Commission for Sale of Trust Beneficiary Right	Thousands yen	EEE Co., Ltd.	Thousands yen	%
.....	Thousands yen	.....	Thousands yen	%

(Notes on Entries)

1. Figures in parenthesis ( ) shall indicate the ratio to the total amount of each item rounded off to the second decimal place.
2. “Amount of Purchase, etc.,” “Amount of Sale, etc.” and “Amount of Payment Fees, etc.” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. When transactions with interested persons, etc. and major shareholders are made in foreign currencies, the amount shall be converted into Japanese yen at the exchange rate at the time of transaction and indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors. The amount in the currency in which such transaction is made shall be indicated in parentheses in the unit corresponding to the unit of the amount converted into Japanese yen. However, the total field need not be shown in the currency in which such transaction is made.
4. If monetary payments are made to interested parties other than payment fees, etc., as described above, important matters among them shall be noted in the margin.

(26) Status, etc., of Transactions with the Entrusted Business Operator Pertaining to the Subsidiary Business Conducted by the Entrusted Business Operator

Name of fees	__th Period From: MM/DD/YYYY To: MM/DD/YYYY
Securities Transaction Fees	Thousands yen
....	Thousands yen
Total	Thousands yen

(Notes on Entries)

1. A note in the margin shall be made concerning subsidiary business to the effect that “Subsidiary Business for this period is ○○, ×× and ....”
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(27) Status of Assets, Liabilities, Principal, and Profit and Loss

(See Attached Table 7 (29))

(28) Change in Method of Calculating Depreciation

	Date of Change in Calculation Method	Calculation Method Adopted Before the Change	Amount Calculated Using the Pre-change Calculation Method	Newly Adopted Calculation Method After Change	Amount Calculated by the Method of Calculation After Change	Reason for Change	Others
○○○○○							
○○○○○							
○○ Building Equipment							
×× Building Equipment							

(Notes on Entries)

1. “Amount Calculated” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.



Attached Table 7: Format and Indication Example of Asset Management Reports for Infrastructure Investment Corporations (Article 35 of the Rules)

(1) Changes in the Investment Corporation’s Management Status, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Operating Revenue	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Ordinary Income	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Current Period Net Income	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Total Assets	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)
Net Assets	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)	Thousands yen (% Compared to the Previous Period)
Amount of Net Assets per Unit (Base Value)	Yen	Yen	Yen	Yen	Yen
Equity Ratio	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)	% (Increase or decrease from the previous period)

(Notes on Entries)

1. “Operating Revenues,” “Ordinary Income,” “Net Income for Current Period,” “Total Assets” and “Net Assets” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. The “Amount of Net Assets per Unit” shall be indicated in units of yen. However, other units may be used.
3. “Equity Ratio” and “Comparison to Previous Period,” shall be rounded off to the second decimal place and indicated to the first decimal place.

(3) Status of Capital Increase, etc.

MM/DD/YYYY	Description	Number of Investment Units Issued		Total Amount of Contributions		Remarks
		Increase or decrease	Balance	Increase or decrease	Balance	

(Notes on Entries)

1. The “Description” shall indicate whether it is a “Capital Increase” (public offering or private placement), “Installments,” or “Amalgamation,” etc., separately.
2. “Total Amount of Contributions” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. “Remarks” shall indicate the reasons for the act and other matters deemed important for investor protection.



## (4) Performance of Distributions, etc.

	Period [1] From: MM/DD/YYYY To: MM/DD/YYYY	Period [2] From: MM/DD/YYYY To: MM/DD/YYYY	Period [3] From: MM/DD/YYYY To: MM/DD/YYYY	Period [4] From: MM/DD/YYYY To: MM/DD/YYYY	Period [5] From: MM/DD/YYYY To: MM/DD/YYYY
Total Net Income for Current Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Retained Earnings	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Total Cash Distributions (Distributions per Unit)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)
Of which, Total Profit Distributions (Profit Distributions per Unit)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)
Of Which, Total Repayment of Contributions (Repayment of Contributions per Unit)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)
Total Amount of Distributions from Allowance for Temporary Difference Adjustments, out of Total Repayment of Contributions (Distribution from Allowance for Temporary Difference Adjustments, out of Repayment of Contributions per Unit)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)
Total Amount of Distributions from Distributions for Reduction of Capital Contributions under Tax Act out of Total Repayment of Contributions (Distributions from Distributions for Reduction of Capital Contributions under Tax Act out of Total Repayment of Contributions Per Unit)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)	Thousands yen ( yen)

(Notes on Entries)

1. "Total Net Income for Current Period," "Retained Earnings," "Total Cash Distributions," "Total Profit Distributions," "Total Repayment of Contributions," "Total Amount of Distributions from Allowance for Temporary Difference Adjustments," and "Total Amount of Distributions from Distributions for Reduction of Capital Contributions under Tax Act" shall be indicated in units of 1,000 yen or 1 million yen. "Distribution per Unit," "Profit Distribution Per Unit," and "Total Amount of Distributions from Allowance for Temporary Difference Adjustments" and "Total Distributions for Reduction of Capital Contributions Under the Tax Act Per Unit" shall be indicated in units of yen. However, other units may be used when deemed appropriate for the protection of investors.

(9) Matters Regarding Investment Units

Name or Title	Number of Investment Units Owned (Units)	Ratio of Investment Units Owned to Total Number of Units Issued (%)

(10) Facts Concerning Officers, etc.

Title	Name or Title Officer, etc.	Main Concurrent Offices, etc.	Total amount of remuneration for each position during the relevant business period (1,000 yen)

(Notes on Entries)

1. If no remuneration is received from the investment corporation, such fact shall be indicated.
2. In addition, other important matters that are deemed appropriate to be indicated for the purposes of investor protection, such as the dismissal of officers, etc., shall be indicated.

(12) Composition of Infrastructure Investment Corporation's Assets

	Total Holdings		Proportion to Total Assets		Foreign Currency-Denominated Assets Held	
	Amount of real infrastructure assets held		Proportion to Total Assets	Valuation Gains or Losses of Foreign Exchange	Proportion to Total Assets	
Renewable Energy Power Generation Facilities	Thousands yen		%		Thousands yen	
					Thousands yen	%
Right to Operate Public Facilities	Thousands yen		%		Thousands yen	
					Thousands yen	%
Real Estate	Thousands yen		%		Thousands yen	
					Thousands yen	%
Superficies Rights	Thousands yen		%		Thousands yen	
					Thousands yen	%
Rights of Lease of Real Estate	Thousands yen		%		Thousands yen	
					Thousands yen	%
Infrastructure Trust Beneficiary Rights	Thousands yen		%		Thousands yen	
	Thousands yen		%		Thousands yen	%
Silent Partnership Equity	Thousands yen		%		Thousands yen	
	Thousands yen		%		Thousands yen	%
. . . . .	Thousands yen		%		Thousands yen	
	Thousands yen		%		Thousands yen	%
Other Assets	Thousands yen		%		Thousands yen	
	Thousands yen		%		Thousands yen	%

<b>Total Assets</b>	Thousands yen	%	Thousands yen
	Thousands yen	%	Thousands yen %

(Notes on Entries)

1. When “Superficies Rights” and “Rights of Lease of Real Estate” are held together with buildings, etc., they shall be combined and indicated together with buildings, etc., in the “Real Estate” field.
2. “Total Holdings” shall indicate the book value at the end of the period including the amount of foreign currency denominated assets held. “Amount of real infrastructure assets held” shall indicate the amount obtained by deducting cash held in said assets from the book value at the end of the period for said assets.
3. Regarding the “Proportion to Total Assets,” the ratio of said assets “amount of real infrastructure assets held” to total assets shall be written in parentheses.
4. “Assets Held in Foreign Currency” shall indicate the amount of overseas infrastructure-related assets and overseas real estate held out of the total amount held, evaluated and converted at the exchange rate at the time of acquisition. “Valuation Gains or Losses of Foreign Exchange” shall display the amount obtained by subtracting the book value at the end of the period valued and converted at the exchange rate at the time of acquisition from the book value at the end of the period valued and converted at the exchange rate at the end of the period. “Proportion to Total Assets” shall indicate the ratio of said assets to the total amount of assets.
5. “Proportion to Total Assets” shall be rounded off to the second decimal place and indicated to the first decimal place.
6. The “Total Holdings,” “Actual Real Estate Holdings,” “Foreign Currency-Denominated Assets Held” and “Valuation Gains or Losses of Foreign Exchange” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
7. The field “Foreign Currency Denominated Assets Held” may be omitted if there are no overseas infrastructure-related assets or overseas real estate holdings.

### (13) Major Assets Held

Summary of assets including infrastructure assets	Matters regarding valuation of assets including infrastructure assets	Matters regarding income arising from assets including infrastructure assets	Matters exerting a material impact on investment decisions for assets including infrastructure assets

Name of Real Estate, etc.	Book Value	Leasable Area	Leased Area	Occupancy Rate	Proportion to Total Rental Revenue	Principal Use
____ Building (Trust Beneficiary Right)	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	
Total	Thousands yen	m <sup>2</sup>	m <sup>2</sup>	%	%	

(Notes on Entries)

1. “Summary of assets including infrastructure assets” shall describe, for example, the name, location, use, size, structure, performance, etc., in an easy-to-understand manner.
2. “Matters regarding valuation of assets including infrastructure assets” shall describe, for example, the price of assets,

including infrastructure assets, recognized as fair (including the valuation method and the name or title of the evaluator); details of collateral; and matters that exert a material impact on valuation of assets including infrastructure assets in an easy-to-understand manner.

3. "Matters regarding income arising from assets including infrastructure assets" shall describe, for example, the status of revenues generated from assets including infrastructure assets (including a breakdown thereof), specific actual results of projects from which revenues are generated, and information for reference in evaluating such actual results in an easy-to-understand manner.
4. Assets including infrastructure assets traded on an exchange shall describe the exchange, and assets to which the other party with rights is entitled shall be classified by area according to the address or location of the other party with rights, and for each such asset, the name, quantity, price (book value and market value or appraised value (together with the method of valuation)), and investment ratio of the asset shall be described together.
5. "Name of Real Estate, etc.," shall indicate the name, etc., indicated in the Securities Registration Statement, etc.
6. "Book Value" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
7. For the number of properties, land, buildings, surface rights, leasehold rights, etc., located at the same parcel number, etc., shall be counted as one property.
8. "Leasable Area" and "Leased Area" shall be indicated in units of m2. However, other units may be used when deemed appropriate for the protection of investors.
9. The "Occupancy Rate" (the ratio of the rented area to the rentable area at the end of the relevant accounting period) and the "Proportion to Total Rental Revenue" shall be rounded off to the second decimal place and indicated to the first decimal place. However, other units may be used when deemed appropriate for the protection of investors.
10. The term "Principal Use" shall indicate what is deemed appropriate as the "Principal Use" of the relevant asset or the underlying asset of the said asset at the discretion of the investment trust entrustment business, taking into consideration such factors as the ratio of rental area and rental revenue by use for the said asset or the underlying asset of the said asset.

#### (14) Details of Incorporated Assets

(i) Details of Renewable Energy Power Generation Facilities, etc.

(a) Summary Table

(Unit: \_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Amortization	Depreciation or	Balance at End of Current Period	Description
						Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. The "Liquid Assets," "Tangible Fixed Assets," and "Intangible Fixed Assets" fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for "Balance at the Beginning of the Current Period," "Increase During Current Period," "Decrease During Current Period," and "Balance at the End of the Current Period," shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during the current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for

the increase or decrease shall be indicated in the “Description” field.

6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc. shall be displayed as an internal note (in parentheses) in the “Increase During Current Period” or “Decrease During Current Period” fields, and the reason for increase or decrease shall be indicated in the “Description” field.

(b) Details of Renewable Energy Power Generation Facilities, etc.

Classification of Equipment, etc.	No.	Name	Location	Districts and Zones	Site Area	Structure	Date of Certification	Name of Certified Business Operator, etc.	Name of the Other Party of the Specified Contract, etc.	Procurement Price, etc.	Procurement Period, etc.	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(Notes on Entries)

1. Land and other assets used for power generation projects associated with renewable energy power generation facilities shall also be indicated.
2. In the “Name” field, indicate the name which adequately represents the renewable energy power generation facility, such as the name of the facility described in the application for approval by the Minister of Economy, Trade and Industry pursuant to Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.
3. In the “Location” field, indicate the location (up to the lot number) of the renewable energy power generation facility and the land and other assets to be used for the power generation project incidental thereto (hereinafter referred to as “renewable energy power generation facility, etc.” in (b) and (c)).
4. In the “Districts and Zones” field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968) shall be indicated.
5. In the “Structure” field, indicate the structure, of the renewable energy power generation facility, etc. (in the case of land, the land classification).
6. In the “Date of Certification” field, enter the date of approval by the Minister of Economy, Trade and Industry pursuant to the provision of Article 9, Paragraph 3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities when the renewable energy power generation facilities fall under the category of certified power generation facilities (if any change has been approved pursuant to the provision of Article 10,

Paragraph 1 of the same Act, the date of certification and the details of such change, and if any change has been notified pursuant to the provision of Paragraph 2 or 3 of the said Article, the date of acceptance of such notification and the details of such change shall be included).

7. In the “Name of Certified Business Operator, etc.” field, when the renewable energy power generation facilities fall under the category of certified power generation facilities, the name of the certified business operator shall be indicated, and in other cases, the name of the person who is considered the provider shall be indicated.
8. In the “Name of the Other Party of the Specified Contract, etc.” field, the name of the other party of the specific contract shall be indicated when the renewable energy power generation facilities fall under the category of certified power generation facilities, and in other cases, the name of the other party of the electricity supply contract shall be indicated.
9. In the “Procurement Price, etc.” field, indicate the procurement price when the renewable energy power generation facilities fall under the category of certified power generation facilities, otherwise, the price per kilowatt hour of renewable energy electricity to be supplied under the power supply contract shall be indicated.
10. In the “Procurement Period, etc.” field, indicate the procurement period when the renewable energy power generation facilities fall under the category of certified power generation facilities, or the contract period of the power supply contract in other cases.
11. In the “Date of Acquisition” field, indicate the date of acquisition of the renewable energy power generation facility, etc.
12. Subtotals in the “Site Area,” “Acquisition Cost” and “Book Value at the End of the Current Period” fields shall be the subtotal for each category of facilities.
13. In the “Status of Collateral” field, if the renewable energy power generation facility, etc. in question is pledged as collateral, an indication to that effect shall be given.
14. The “No.” field shall be consistent with the organization No. of such renewable energy power generation facilities in “(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc.”

(c) Details of Revenue Status of Renewable Energy Power Generation Facilities, etc.

	Organization No.	Name of Property	Location
Renewable Energy Power Generation Facilities			
Land			
Building			
Renewable Energy Power Generation Facilities			
Land			
Building			

Item	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY
Rental Business Revenue Rent . . . . .					
Rental Business Revenue Subtotal A					
Rental Business Expenses Taxes and Levies (of which, Property Tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation (of which, . . . . .) (of which, . . . . .) . . . . .					
Rental Business Expenses Subtotal B					
Rental business profit and loss from renewable energy power generation facilities A-B					

(Notes on Entries)

1. This table shall be prepared for each renewable energy power generation facility. When land or other assets used for power generation business are leased as one unit, revenues and expenses related to such assets shall also be indicated. If the renewable energy generation facility and land or other assets are managed in an integrated manner, such properties are not precluded from being prepared as a single property.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. In addition to machinery and equipment, depreciation expenses shall also indicate buildings, appliances, fixtures, etc., relevant to the renewable energy power generation facility.

(ii) Details of Rights to Operate Public Facilities, etc.

(a) Summary Table

(Unit:\_\_\_\_\_)

Type of Assets	Balance at the Beginning of Current Period	Increase During Current Period	Decrease During Current Period	Balance at the End of Current Period	Accumulated Amortization	Depreciation or	Balance at End of Current Period	Description
						Amortization for Current Period		
Liquid Assets								
	Total							
Tangible Fixed Assets								
	Total							
Intangible Fixed Assets								
	Total							

(Notes on Entries)

1. The right to manage public facilities etc., public facilities etc., pertaining to the right to manage public facilities etc., and land and other assets acquired incidental to the business of managing public facilities etc., pertaining to the right to manage public facilities etc. (hereinafter referred to as “Right to Operate Public Facilities, etc.” in (b) and (c)) shall be indicated.
2. The “Liquid Assets,” “Tangible Fixed Assets,” and “Intangible Fixed Assets” fields shall be indicated according to the classification of the items listed in the balance sheet.
3. The fields for “Balance at the Beginning of the Current Period,” “Increase During Current Period,” “Decrease During Current Period,” and “Balance at the End of the Current Period,” shall be indicated based on the acquisition price of the applicable assets.
4. Note the details of the increase and decrease during current period.
5. If there is an increase or decrease in the amount exceeding 1% of the total amount of assets of the same type, the reason for the increase or decrease shall be indicated in the “Description” field.
6. If the acquisition cost is revised due to special reasons, such revaluation differences, etc., shall be displayed as an internal note (in parentheses) in the “Increase During Current Period” or “Decrease During Current Period” fields, and the reason for increase or decrease shall be indicated in the “Description” field.

(b) Details of the Right to Operate Public Facilities, etc.

No.	Name	Matters regarding public facilities, etc.					Matters Regarding the Right to Operate Public Facilities, etc.					
		Location	Districts and Zones	Name of Manager, etc.	Name of the other party to the entrustment contract for the operation of public facilities, etc.	Structure	Total Area	Duration	Date of Acquisition	Acquisition Cost	Book Value at the End of Current Period	Status of Collateral

(Notes on Entries)

1. If land or other assets are acquired incidental to the management of public facilities pertaining to the Right to Operate Public Facilities, etc., the relevant assets shall also be indicated in the fields for “No.,” “Name,” “Location,” “Districts and Zones,” “Structure,” “Total Area,” “Date of Acquisition,” “Acquisition Cost,” “Book Value at the End of Current Period,” and “Status of Collateral.”
2. In the “Location” field, indicate the location (up to the lot number) of such public facilities, etc.
3. In the “Districts and Zones” field, the use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act shall be indicated.
4. In the column of “Name of Manager, etc.,” indicate the name of the manager, etc., of such public facilities, etc.
5. In the “Structure” field, indicate the structure (land category in the case of land) of such public facilities, etc.
6. In the “Duration” field, the duration (beginning and ending) of the said Right to Operate Public Facilities, etc. shall be indicated.
7. In the “Date of Acquisition” field, indicate the date of acquisition of the Right to Operate Public Facilities, etc.
8. In the “Status of Collateral” field, if the Right to Operate Public Facilities, etc. is pledged as collateral, an indication to that effect shall be given.
9. The “No.” field shall be consistent with the organization No. in “(c) Details of Revenue Status of Right to Operate Public Facilities, etc.”

(c) Details of Revenue Status of Right to Operate Public Facilities, etc.

	Organization No.	Name of Property	Location
Right to Operate Public Facilities, etc.			
Land			
Building			
Right to Operate Public Facilities, etc.			
Land			
Building			



Item	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY	___ Period MM DD, YYYY to MM DD, YYYY
Revenue from public facilities operating business . . . . .					
Revenue from public facilities operating business Subtotal A					
Operating Business Expenses Taxes and Levies (of which, Property tax) Miscellaneous Expenses (of which, . . . . .) (of which, . . . . .) Depreciation or Amortization (of which, . . . . .) (of which, . . . . .) . . . . .					
Expenses for public facilities operating business Subtotal B					
Profit and loss from public facilities operating business A-B					

(Notes on Entries)

1. This table shall be prepared for each Right to Operate Public Facilities, etc. If land or other assets are acquired incidental to the operation of public facilities, etc., pertaining to the Right to Operate Public Facilities, etc., such assets shall also be indicated.
2. Shall prepare for the past five periods.
3. For miscellaneous expenses and costs, enter utility costs, subcontract management costs, and repair costs, etc.
4. Depreciation or amortization shall include not only the Right to Operate Public Facilities, etc., but also assets acquired incidental to the operating project.
5. If the operating business expenses include the expenses prescribed in Article 20 of the Act on Promotion of Private Finance Initiative, the amount and the breakdown of the amount shall be stated in the margin.

(iii) Details of incorporated real estate assets

Name of Real Estate, etc.	Location	Form of Ownership	Calculated Value at the End of Period	Previous Period (MM/DD/YYYY - MM/DD/YYYY)				Current Period (MM/DD/YYYY - MM/DD/YYYY)			
				Total Number of at End of the Period	Occupancy Rate at End of the Period	Rental Business Revenue During the Period	Proportion to Total Rental Business Revenue	Total Number of at End of the Period	Occupancy Rate at End of the Period	Rental Business Revenue During the Period	Proportion to Total Rental Business Revenue
	○○ Ward, Tokyo		Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
			Thousands yen		%	Thousands yen	%		%	Thousands yen	%
Total	-	-	Thousands yen		%	Thousands yen	%		%	Thousands yen	%

(Notes on Entries)

1. The field “Calculated Value at the End of Period,” shall indicate the appraised value at the end of period, which is calculated by the valuation method stipulated in Article 5 and Article 6 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations. For overseas real estate, etc., the appraised value at the end of period shall be indicated in Japanese yen converted at the exchange rate at the end of the period.  
For overseas real estate, etc., the amount in the currency of acquisition of the relevant assets shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency conversion. However, the Total field

- need not be shown in the currency of such acquisition.
- If the asset is overseas real estate, etc., the amount of “Rental Business Revenue” shall be the amount of rental business revenue valued and converted at the exchange rate at the end of the period.  
With regard to overseas real estate, etc., the amount in the currency in which such rental business revenue is received shall be indicated in parentheses in accordance with the unit of the amount indicated in Japanese currency. However, the Total field need not be shown in such receiving currency.
  - Figures for “Calculated Value at the End of Period” and “Rental Business Revenue” shall be presented in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
  - The “Occupancy Rate” (the ratio of leased area to the leasable area at the end of the relevant accounting period) and the “Proportion to Total Rental Business Revenue” shall be rounded off to the second decimal place and indicated to the first decimal place.
  - The land and other assets shown in “(i) Details of Renewable Energy Power Generation Facilities, etc.” and “(ii) Details of Right to Operate Public Facilities, etc.” shall not be indicated.

(iv) Details of Assets Incorporated in Securities

Name of Stocks	Type of Assets	Quantity	Book Value		Appraised Value		Valuation Profit or Loss	Remarks
			Unit Price	Amount	Unit Price	Amount		
				Thousands yen		Thousands yen	Thousands yen	
				Thousands yen		Thousands yen	Thousands yen	
Total				Thousands yen		Thousands yen	Thousands yen	

(Notes on Entries)

- The “Book Value,” “Appraised Value,” and “Valuation Profit or Loss” fields shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(15) Status of Other Assets

(i) Stocks and investment securities

Issue	Number of Shares	Acquisition Cost		Appraised Value		Valuation Profit or Loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

(ii) Securities other than stocks

(Unit: )

Type	Issue	Total Face Value	Book Value	Accrued Interest Income	Advance Payments Accrued	Appraised Value	Valuation Profit or Loss	Remarks
Total								

## (iii) Detailed Statement of Margin Transaction Balance

(Unit: )

Issue	Margin Transaction			Remarks
	Number of Shares Sold	Book Value	Appraised Value	

## (iv) Table of Contract Amount and Market Value of Specified Transactions and Exchange Contract

Transactions, etc.

(Unit: )

Category	Type	Contract Amount, etc.		Current Value
			Of which, more than one year	
Market Transactions	Futures Transactions			
	Sell contracts			
	Buy contracts			
	Option Transactions			
	Sell contracts			
	Call			
	Put			
	Buy contracts			
	Call			
Put				
Transactions other than Market Transactions	Forward Transactions			
	Sell contracts			
	Buy contracts			
	Exchange Contract Transactions			
	Sell contracts			
	Buy contracts			
	Option Transactions			
	Sell contracts			
	Call			
	Put			
	Buy contracts			
	Call			
	Put			
	Swap transaction			
Variable Receipts and Fixed Payments				
Fixed Receipts and Variable Payments				
Others				
	Total			

## (v) Details of Other Specified Assets

(Unit: )

Type of Specified Assets	Quantity	Book Value		Appraised Value		Valuation Profit or Loss	Remarks
		Unit Price	Amount	Unit Price	Amount		
Total							

## (16) Status of Asset Holdings by Country and Region

Country	Total Holdings	Calculated Value at the End of Period	Proportion to Total Assets	Number of properties
Japan	Thousands yen	Thousands yen	%	Properties
U.S.A.	Thousands yen	Thousands yen	%	Properties
...	Thousands yen	Thousands yen	%	Properties
Total	Thousands yen	Thousands yen	100%	Properties

(Notes on Entries)

1. "Total Holdings" shall indicate the book value at the end of the period, and "Calculated Value at the End of Period" shall indicate the valuation at the end of the period in accordance with the valuation methods set forth in Article 5, Article 6, and Article 7 of the Regulations on Infrastructure Investment Trusts. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may also be indicated together when deemed appropriate for the protection of investors.
2. The "Total Holdings" of infrastructure-related assets and overseas real estate shall be converted into Japanese yen using the exchange rate at the time of acquisition, and the "Calculated Value at the End of Period" shall be converted into Japanese yen using the exchange rate at the end of period.
3. The "Proportion to Total Assets" shall indicate the ratio of the calculated value at the end of the period of each relevant country or region to the total calculated value at the end of the period, and shall be rounded off to the second decimal place and indicated to the first decimal place.

## (17) Schedule of Capital Expenditures

Name of Infrastructure Assets, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen
○○○○	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen

Name of Real Estate, etc.	Location	Purpose	Estimated Duration	Estimated Amount for Work		
				Total	Construction Cost or Payment Amount	Total Amount Paid
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen
○○ Building	Chuo Ward, Tokyo	○○ Renovation Work	From : MM/DD/YYYY To: MM/DD/YYYY	Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or on a payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” specify in the margin that the amount is indicated on a “work basis” or “payment basis.”

(18) Capital Expenditures during the Period

Name of Infrastructure Assets, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen
○○○○	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen

Name of Real Estate, etc.	Location	Purpose	Period	Construction Cost or Payment Amount
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen
○○ Building	○○ Ward, Tokyo	○○ Renovation Work	From: MM/DD/YYYY To: MM/DD/YYYY	Thousands yen

(Notes on Entries)

1. The “Construction Cost or Payment Amount” shall be indicated on a work basis or payment basis in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. For “Construction Cost or Payment Amount,” it should be clearly indicated in the margin that it is indicated on a “Work Basis” or “Payment Basis.”

(19) Money Accumulated for Long-Term Repair Plans

Business Period	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY	___ Period From: MM/DD/YYYY To: MM/DD/YYYY
Balance of Funds Reserved at the Beginning of the Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount Reserved for Current period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount of Reversal of Reserve for Current Period	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen
Amount Carried Forward	Thousands yen	Thousands yen	Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. The “Reserve Fund” referred to in this table refers to the money that must be actually set aside systematically and regularly each period from surplus cash flow such as depreciation expenses, etc. (including that associated with profits internally retained) in accordance with the long-term repair plan indicated in the asset management plan stipulated in Article 8, Paragraph 2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations.
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (20) Details of Expenses for Management, etc.

Item	Current Period
(a) Asset Management Fees	Thousands yen
(b) Asset Custody Fees	Thousands yen
(c) General Administration Fees	Thousands yen
(d) Officer's Remuneration	Thousands yen
(e) Other Expenses	Thousands yen
Total	Thousands yen

(Notes on Entries)

1. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. In "(e) Other Expenses," shall indicate expenses other than (a) through (d) that are related to the management of the investment corporation, if any.

## (21) Status of Borrowing

	Category	Date of Borrowing	Balance at the Beginning of Current Period	Balance at the End of Current Period	Average Interest Rate	Repayment Due Date	Method of Repayment	Use	Description
	Lender								
Short-Term Loans			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
	Total		Thousands yen	Thousands yen					
Long-Term Loans			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
			Thousands yen	Thousands yen					
	Total		Thousands yen	Thousands yen					

(Notes on Entries)

1. In principle, loans shall be classified into short-term and long-term and indicated by lender.
2. "Average Interest Rate" shall indicate the weighted average interest rate.
3. "Method of Repayment" shall indicate the method of repayment such as equal repayment of principal, equal repayment of interest, or lump-sum repayment on due date, etc.
4. "Description" shall indicate whether collateral is pledged or not, the name of the collateral, and any other special notes.
5. "Balance at the Beginning of the Current Period" and "Balance at the End of the Current Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (22) Investment Corporation Bonds

Issue	Date of Issue	Balance at the Beginning of Current Period	Balance at the End of Current Period	Rate	Redemption Period	Method of Redemption	Use	Description

(Notes on Entries)

1. “Balance at the Beginning of the Current Period” and “Balance at the End of the Current Period” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(23) Short-Term Investment Corporation Bonds

Issue	Date of Issue	Balance at the End of Current Period	Issue Value	Redemption Price	Description

(Notes on Entries)

1. The “Balance at the End of the Current Period” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(23)-2 Investment Equity Subscription Rights

Name of Stocks	Date of Issue	Number of Units of Investment Equity Subscription Rights Not Exercised at the End of the Current Period	Number of Investment Units to Be Issued Upon Exercise of the Said Investment Equity Subscription Rights or the Method of Calculating the Number of Units	The Amount of Money to be Contributed Upon Exercise or the Method for Calculating Such Amount	Exercise Period for Investment Equity Subscription Rights	Description

(Notes on Entries)

1. “The Amount of Money to be Contributed Upon Exercise” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(24) Trading of Infrastructure Assets, Infrastructure-Related Assets, Real Estate, and Asset-Backed Securities

Name of Infrastructure Assets, etc.	Acquisition		Transfer			
	Date of Acquisition	Acquisition Cost	Date of Transfer	Amount of Transfer	Book Value	Profit or Loss on Sale
○○○○ (Infrastructure Assets)		Thousands yen		Thousands yen	Thousands yen	Thousands yen
		Thousands yen		Thousands yen	Thousands yen	Thousands yen
Total		Thousands yen		Thousands yen	Thousands yen	Thousands yen

Name of Real Estate, etc.	Acquisition		Transfer			
	Date of	Acquisition Cost	Date of	Amount of Transfer	Book Value	Profit or Loss on
○○ Building (Real		Thousands yen		Thousands yen	Thousands yen	Thousands yen
		Thousands yen		Thousands yen	Thousands yen	Thousands yen
Total		Thousands yen		Thousands yen	Thousands yen	Thousands yen

(Notes on Entries)

1. “Acquisition Cost” shall indicate the amount excluding various expenses required for the acquisition of infrastructure assets and real estate (such as trading fees incurred in the acquisition of the infrastructure assets and real estate trading brokerage fees), and that shall be explained in a marginal note.
2. “Acquisition Cost,” “Transfer Value,” “Book Value” and “Profit or Loss on Sale” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (25) Sales and Purchase of Other Assets, etc.

Type of Assets	Purchased		Sold		Balance at the End of Current	
	Number of	Amount	Number of	Amount	Number of	Amount
Shares		Thousands yen		Thousands yen		Thousands yen
Investment		Thousands yen		Thousands yen		Thousands yen
Bonds		Thousands yen		Thousands yen		Thousands yen
....		Thousands yen		Thousands yen		Thousands yen
Total		Thousands yen		Thousands yen		Thousands yen

(Notes on Entries)

1. The “Amount” shall indicate the delivery price (amount not including accrued interest and various expenses (trading commissions for sale and purchase, etc.)) and shall make a note to that effect in the margin.
2. “Amount” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

## (27) Status of Transactions with Interested Parties, etc.

## (i) Status of Transactions

Category	Transaction Amount, etc.	
	Amount of Purchase, etc.	Amount of Sale, etc.
Total	Thousands yen	Thousands yen
Breakdown of Status of Transaction with Interested Parties, etc.		
AAA Co., Ltd.	____,000 yen ( %)	____,000 yen ( %)
BBB Co., Ltd.	____,000 yen ( %)	____,000 yen ( %)
Total	____,000 yen ( %)	____,000 yen ( %)

## (ii) Amount of Payment Fees, etc.

Category	Total Amount of Payment Fees, etc. (A)	Breakdown of Transactions with Interested Parties, etc.		Percentage to Total Amount (B/A) %
		Payee	Payment Amount (B)	
(Building) Management Service Fees	Thousands yen	AAA Co., Ltd.	Thousands yen	%
		BBB Co., Ltd.	Thousands yen	%
Commissions Incurred in Acquiring Infrastructure Assets, etc.	Thousands yen	CCC Co., Ltd.	Thousands yen	%
Real Estate Transaction Fees	Thousands yen	DDD Co., Ltd.	Thousands yen	%
Commission for Sale of Trust Beneficiary Right	Thousands yen	EEE Co., Ltd.	Thousands yen	%
.....	Thousands yen	.....	Thousands yen	%

(Notes on Entries)

1. Figures in parenthesis ( ) shall indicate the ratio to the total amount of each item rounded off to the second decimal place.
2. “Amount of Purchase, etc.,” “Amount of Sale, etc.” and “Amount of Payment Fees, etc.” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
3. When a transaction with an interested party, etc. is conducted in a foreign currency, the amount shall be converted into Japanese yen at the exchange rate at the time of transaction and indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors. The amount in the currency in which such transaction is made shall be indicated in parentheses in the unit corresponding to the unit of the amount converted into



- Japanese yen. However, the total field need not be shown in the currency in which such transaction is made.
4. If monetary payments are made to interested parties other than payment fees, etc., as described above, important matters among them shall be noted in the margin.

(28) Status of Transactions, etc., with Asset Management Company Pertaining to the Subsidiary Business Conducted by the Said Asset Management Company, etc.

Name of fees	__th Period From: MM/DD/YYYY To: MM/DD/YYYY
Securities Transaction Fees	Thousands yen
. . . .	Thousands yen
Total	Thousands yen

(Notes on Entries)

1. A note in the margin shall be made concerning subsidiary business to the effect that “Subsidiary Business for this period is ○○, ×× and . . . . .”
2. Amounts shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(29) Status of Assets, Liabilities, Principal, and Profit and Loss

(1) Balance Sheet

(Unit: Yen)

	Previous Period (MM/DD/YYYY)	Current Period (MM/DD/YYYY)
Assets:		
Liquid Assets		
Cash and Deposits		
Cash and Deposits in Trust		
Notes Receivable		
Business Accounts Receivable		
Securities		
Advance Payments		
Parent Corporation Investment Units		
Prepaid Expenses		
Accrued Revenue		
Deferred Tax Assets		
Others		
Bad Debt Allowance		
Total Liquid Assets		
Fixed Assets		
Tangible Fixed Assets		
Building		
Accumulated Depreciation		
Buildings (Net)		
Structures		
Accumulated Depreciation		
Structures (Net)		
Machinery and Equipment		
Accumulated Depreciation		
Machinery and equipment (net)		
Land		
Construction in Progress		
Buildings in Trust		
Accumulated Depreciation		
Buildings in Trust (Net)		
Land in Trust		
Construction in Progress in Trust		
Total Tangible Fixed Assets		
Intangible Fixed Assets		
Leasehold		
Others		
Total Intangible Fixed Assets		
Investments and Other Assets		
Investment Securities		
Capital Contributions		
Deferred Tax Assets		
Leasehold and Guarantee Deposits in Trust		
Others		
Total Investments and Other Assets		
Total Fixed Assets		
Deferred Assets		
Investment Unit Issuance Expenses		
Total Deferred Assets		
Total Assets		

Liabilities:	
Liquid Liabilities	
Operating Accounts Payable	
Advances Received	
Deposits	
Accrued Expenses	
Deferred Revenue	
Deferred Tax Liabilities	
Others	
Total Liquid Liabilities	_____
Fixed Liabilities	
Investment Corporation Bonds	
Long-Term Loans	
Deferred Tax Liabilities	
Others	
Total Fixed Liabilities	_____
Total Liabilities	_____
Net Assets Section	
Investor Capital	
Total Amount of Contributions	
New Investment Unit Application	
Margin	
Surplus	
Capital Surplus	
Voluntary Retained Earnings	
Unappropriated retained earnings	_____
or undisposed loss at the end of the	_____
period (-)	_____
Total Surplus	_____
Own Investment Equity	
Total Investor Capital	_____
Valuation and Translation Differences,	_____
etc.	_____
Valuation Difference on Other	_____
Securities	_____
Deferred Hedge Profit and Loss	
Total Valuation and Translation	
Differences, etc.	
Investment Equity Subscription Rights	
Total Net Assets	
Total Liabilities and Net Assets	

(Notes on Entries)

1. When the "Total Amount of Contributions" and "Deduction of Total Capital Contributions" are presented separately, if the "Deduction of Total Capital Contributions" includes allowance for temporary difference adjustments, it should be noted that the said allowance for temporary difference adjustments shall be shown separately from other deductions of total capital contributions.
  2. If the "Voluntary Retained Earnings" in the "Surplus" of the "Investor Capital" in the "Net Assets Section" includes the special reserve for reduction in replacement or the reserve for temporary difference adjustments, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustments shall be indicated separately from other voluntary retained earnings.
- When "Capital Surplus" and "Deduction of Capital Surplus" are presented separately, if allowance for temporary difference adjustments is included in the "Deduction of Capital Surplus", it should be noted that the said allowance for temporary difference adjustments shall be shown separately from other deductions of capital surplus.
4. Items related to investment equity subscription right may be classified as deduction items for items related to own investment equity subscription rights.
  5. The amount for own investment equity subscription rights shall be directly deducted from the amount of investment equity subscription rights and the amount remaining after deduction shall be indicated as the amount of investment equity subscription rights. However, this does not preclude the presentation of own investment equity subscription rights from as a deduction.

## (2) Profit and Loss Statement

(Unit: Yen)

	Previous Period (From MM/DD/YYYY To MM/DD/YYYY)	Current Period (From MM/DD/YYYY To MM/DD/YYYY)
Operating Revenue		
Rental Revenue from Real Estate		
Rental Business Revenue		
Other Rental Business Revenue		
Profit on Sale of Real Estate, etc.		
Rental Income from Renewable Energy		
Power Generation Facilities		
Profit on Sale of Renewable Energy		
Power Generation Facilities		
Profit on Sale of Right to Operate		
Public Facilities, etc.		
Profit on Sale of Public Facilities, etc.		
Management Business Revenue from		
Public Facilities, etc.		
Interest Income		
Dividend income		
Total Operating Revenue		
Operating Expenses		
Rental Business Expenses		
Loss on Sale of Renewable Energy		
Power Generation Facilities		
Loss on sale of Right to Operate Public		
Facilities, etc.		
Loss on Sale of Public Facilities, etc.		
Management Business Expenses for		
Public Facilities, etc.		
Asset Management Fees		
Asset Custody Fees		
General Clerical Fees		
Officer's Remuneration		
Impairment Loss		
Other Operating Expenses		
Total Operating Expenses		
Operating Income		
Non-operating Income		
Total Non-operating Income		
Non-operating Expenses		
Interest Expense		
Investment Corporation Bond Interest		
Amortization of Investment		
Corporation Bond Issuance Expenses		
Total Non-operating Expenses		
Ordinary Income		
Extraordinary Income		
Gain on Negative Goodwill		
Total Extraordinary Income		
Extraordinary Losses		

Impairment Loss Loss Due to Disaster Total Extraordinary Losses Total Net Income for Current Period before Taxes Corporate Tax, Inhabitant Tax and Business Tax Corporate Tax Adjustments Total Corporate Tax, etc. Net Income for Current Period Profit Carried Forward from the Previous Period Profit Carried Forward from the Previous Term Before Retroactive Application or Loss Carried Forward from the Previous Term Before Retroactive Application Impact of the Retrospective Applicability Total Profit or Loss Carried Forward from the Previous Period Unappropriated Profit or Unappropriated Loss at the End of the Current Period (-)	
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(Notes on Entries)

1. Note that if profits reserved for a specific purpose in “unappropriated retained earnings or undisposed loss at the end of the period (-)” include the reversal amount according to that purpose of special reserve for reduction in replacement or the reversal amount for reserve for temporary differences adjustments, the reversal amount of special reserve for reduction in replacement or the reversal amount for reserve for temporary difference adjustments must be indicated separately from any other reversal.

(3) Statement for Cash Distributions

Statement for Cash Distributions		
	Previous Period (From MM/DD/YYYY To From MM/DD/YYYY)	Following Period MM/DD/YYYY MM/DD/YYYY)
I. Unappropriated Profit for Current Period		
II. Additional Distributions of Excess of Profit		
Deduction of Total Capital Contributions		
Deduction of Capital Surplus _____		
III. Distribution Amount		
(Amount of Distribution per Investment Unit)		
(of which, distributions in excess of earnings)		
IV. Voluntary Retained Earnings		
×× Provision of Reserve		
×× Provision of Reserve _____		
V. Profit Carried Forward to Next Period		
Method of Calculating the Amount of Distribution		
Amount of Distribution per Investment Unit		

(Notes on Entries)

1. In the event that the “Voluntary Retained Earnings” is to be reversed and appropriated to cash distributions for the current fiscal period, and the reversal amount includes the reversal amount set forth in Article 18-2, Paragraph 1, Item 3 of the Regulations Concerning Calculation of Investment Corporation or the reversal amount of the reserve for temporary difference adjustments, it should be noted that such reversal amount must be indicated separately from the reversal amount of other reserves.
2. When the item of “IV Voluntary Retained Earnings” includes the special reserve for reduction in replacement or the reserve for temporary difference adjustment, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustment must be shown separately from other voluntary retained earnings.
3. As to indication of “Deduction of Total Capital Contributions” and “Deduction of Capital Surplus” when allowance for temporary difference adjustments is included in the amount of distribution in excess of profits, it should be noted that the amount of deduction for such allowance for temporary difference adjustments must be indicated separately from any other deductions.
4. In the case where profits are incorporated into total capital contribution and the deduction for total capital contribution is subtracted, if the amount of the said subtraction includes the reversal of the allowance for temporary difference adjustments, the portion of the amount of the said subtraction consisting of the reversal of the allowance for temporary difference adjustments shall be indicated separately from other subtractions, and if the allowance for temporary difference adjustments pertaining to capital surplus is transferred to the deduction of capital surplus, that fact and the amount thereof shall be indicated.

(4) Statement of changes in investor capital

Previous period (from MM/DD/YYYY to MM/DD/YYYY)

	Investor Capital						Valuation and Translation Differences, etc.			Investment Equity Subscription Rights	Total Net Assets	
	Total Amount of Contributions	New Investment Unit Application Margin	Surplus			Own Investment Equity	Total Investor Capital	Valuation Difference on Other Securities	Deferred Hedge Profit and Loss			Total Valuation and Translation Differences, etc.
			Capital Surplus	Voluntary Retained Earnings	Unappropriated Profit or Unappropriated Loss at the End of the Current Period (-)							
Balance at the Beginning of Current Period												
Cumulative Effect of Retrospective Application												
Balance at the Beginning of the Current Period after Retrospective Adjustment												
Fluctuation for Current Period												
• • •												
Fluctuation in Items Other Than Investor Capital during Current Period (Net)												
Total Fluctuations during Current Period												
Balance at the End of Current Period												

Current period (from MM/DD/YYYY to MM/DD/YYYY)

	Investor Capital							Valuation and Translation Differences, etc.			Investment Equity Subscription Rights	Total Net Assets	
	Total Amount of Contributions	New Investment Unit Application Margin	Surplus				Own Investment Equity	Total Investor Capital	Valuation Difference on Other Securities	Deferred Hedge Profit and Loss			Total Valuation and Translation Differences, etc.
			Capital Surplus	Voluntary Retained Earnings	Unappropriated Profit or Loss at the End of the Current Period (-)	Total Surplus							
Balance at the Beginning of Current Period													
Cumulative Effect of Retrospective Application													
Balance at the Beginning of the Current Period after Retrospective Adjustment													
Fluctuation for Current Period													
• • •													
Fluctuation in Items Other Than Investor Capital during Current Period (Net)													
Total Fluctuations during Current Period													
Balance at the End of Current Period													

(Notes on Entries)

1. When the “Voluntary Retained Earnings” in “Surplus” of the “Investor Capital” includes the special reserve for reduction in replacement or the reserve for temporary difference adjustments, it should be noted that such special reserve for reduction in replacement or the reserve for temporary difference adjustments shall be shown separately from other voluntary retained earnings.
2. It shall be possible to prepare a form in which each item of net assets is arranged vertically.
3. Items related to investment equity subscription rights may be classified as deduction items for own investment equity subscription rights.
4. The amount for own investment equity subscription rights shall be directly deducted from the amount of investment equity subscription rights and the amount remaining after deduction shall be indicated as the amount of investment equity subscription rights. However, this does not preclude the presentation of own investment equity subscription rights from as a deduction.



(30) Change in Method of Calculating Depreciation

	Date of Change in Calculation Method	Calculation Method Adopted Before the Change	Amount Calculated Using the Pre-change Calculation Method	Newly Adopted Calculation Method After Change	Amount Calculated by the Method of Calculation After Change	Reason for Change	Others
○○○○○							
○○○○○							
○○ Building Equipment							
×× Building Equipment							

(Notes on Entries)

1. “Amount Calculated” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(31) Change in Valuation Method for Infrastructure Assets and Real Estate

	Date of Change of Valuation Method	Valuation Method Adopted Before Change	Appraised Value Using the Pre-change Valuation Method	Newly Adopted Valuation Method After Change	Appraised Value After Change	Reason for Change	Others
○○○○○							
○○○○○							
○○ Building							
×× Building							

(Notes on Entries)

1. “Appraised Value” shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.

(32) Status, etc., of In-House Establishment of Investment Trust Beneficiary Certificates, etc.

(i) Status of Acquisition, etc.

Date: MM/DD/YYYY	Number of Units Acquired	Number of Units Disposed	Number of Units Held
Cumulative Total			

(Notes on Entries)

1. In the “Number of Units Held” field, enter the number of units the investment trust management company continues to hold after the relevant acquisition, etc.
2. In the “Cumulative Total” field, enter the number of units acquired and disposed of over the past five years, including the end of the current period, the cumulative total of each, and the number of units held at the end of the current period.

(ii) Status of Holdings, etc.

	Number of Units Held at End of Period	Total Holdings at End of Period	Ratio to total units issued
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			
__th Period From: MM/DD/YYYY To: MM/DD/YYYY			

(Notes on Entries)

1. "Total Holdings at End of Period" shall be indicated in units of 1,000 yen or 1,000,000 yen. However, other units may be used when deemed appropriate for the protection of investors.
2. In the column of "Ratio to Total Number of Units Issued," the ratio of the number of units held at the end of the period to the total number of units issued shall be rounded off to the second decimal place and indicated to the first decimal place.

# Rules for Preparation of Delivery Prospectus

Established on March 18, 2010  
Revised on November 17, 2011  
Revised December 20, 2012  
Revised on February 21, 2013  
Revised June 12, 2014  
Revised July 17, 2014  
Revised June 10, 2020  
Revised on December 16, 2021

## Article 1. Purpose

The purpose of these Rules is to establish the items and the content to be described in the prospectus for investment trusts (the prospectus as provided in Article 15, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”), hereinafter referred to as the “Delivery Prospectus”), strive for optimization of disclosure information, and by means of that aid in investor understanding and contribute to investor protection.

## Article 2. Matters Described on the Cover Pages, etc., of the Delivery Prospectus

The following matters shall be described on the cover pages, etc., (from the cover page to before matters described in Article 3) of the Delivery Prospectus.

However, (1) through (7) (excluding (iii), (iv), (v) and (vii) of (4)) shall be described on the cover page.

### (1) The fact that it is the Delivery Prospectus

This shall be described as the “Investment Trust Explanatory Manual (Delivery Prospectus).”

The prospectus provided in Article 15, Paragraph 3 of the FIEA (hereinafter referred to as the “Requested Prospectus”) shall be clearly distinguished from the Delivery Prospectus and described as the “Investment Trust Explanatory Manual (Requested Prospectus).”

### (2) The fact that it is a prospectus under the FIEA

The fact that it is a prospectus based on the provisions of Article 13 of the Financial Instruments and Exchange Act shall be described.

### (3) Fund name and instrument classification

The fund name mentioned in the Securities Registration Statement (hereinafter referred to as the “Registration Statement”) and the instrument classification applicable to the fund (meaning the product classification in the “Guidelines on Instrument Classification”; the same shall apply hereinafter) shall be recorded.

### (4) Information on management companies, etc.

The following matters shall be described as the latest information on management companies, etc. In this case, note that the management companies information must be described after the entry for “fund name.”

(i) Management company name

(ii) Financial instruments business operator registration number

(iii) Date of establishment

(iv) Capital

(v) The total net assets of the investment trust property managed by the management company

(vi) The fact that they are the party giving instructions for management of the fund

(vii) In addition to the above, if there is any matter which is judged to be advisable to be described as management company information, said matter shall also be described. In this case, note that the matter shall be within the scope stated in the Registration Statement.

(5) Information on the trustee company

The trustee company's name and the fact that they are the party in charge of custody and management of fund assets shall be recorded.

(6) How to obtain detailed information

The following matters shall be recorded as methods of obtaining detailed information:

(i) Home page address, telephone number, and reception hours of the management company

(ii) How to obtain the Requested Prospectus and that the investment trust contract (hereinafter referred to as the "Contract") shall be described in the Requested Prospectus.

(7) Date of commencement of use

The date of commencement of use of the Delivery Prospectus shall be recorded.

(8) Matters regarding the effect of registration

For matters regarding the effect of notification under Article 4, Paragraph 1 or Paragraph 2 of the FIEA, any of the following details shall be recorded:

(i) Date of notification and how to confirm whether or not the notification is in effect

(ii) The date of notification and the fact that notification is in effect as well as the effective date

(9) Instrument classification and attribute category table

The instrument classification and attribute category table shall be recorded. In this case, a table of the instrument classification and attribute category to which the fund is applicable shall be recorded on the cover pages, etc., in the format prescribed in the By-laws. The detailed content shall be described in the Requested Prospectus.

In addition, it shall be noted that the content of instrument classification and attribute categories can be viewed on the website of the Investment Trusts Association, Japan.

(10) Other matters described

(i) That if any significant change is made to the content of the product, the intention of the beneficiary shall be confirmed in advance in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter referred to as the "Investment Trust Act")

(ii) That the investment trust assets are segregated by the trustee company based on the Trust Act

(iii) That the Requested Prospectus shall be delivered by the sales company at the investor's request and that, if such a request is made, it must be recorded

(iv) A statement to the effect of "Please read the content of this document sufficiently before purchasing."

\* Article 2 of the By-laws

Article 3. Matters Described in the Text and Order of Description

The text of the Delivery Prospectus shall describe the content set forth in each of the following items with regard to the following matters. In addition, the Delivery Prospectus shall describe the items in the following order:

(1) Purpose and features of the fund

(i) Purpose of the fund

Matters considered the purpose of the fund shall be stated based on the “Basic Policy” and the “Investment Attitude,” etc., described in the “Basic Management Policy” of the Contract.

(ii) Characteristics of the fund

Based on the “Basic Policy” and the “Investment Attitude,” etc., described in the “Basic Management Policy” of the Contract, and in consideration of the product attributes of the fund, points of interest for investment shall be explained in an easy-to-understand manner so that investors can plainly comprehend the characteristics of the fund. Matters characteristic of the fund such as the structure of fund, investment method, management process, investment restrictions, and distribution policy shall also be described. In this case, bear in mind the following matters:

- (a) In addition to explanation in writing when describing the characteristics of the fund, attachment of diagrams, etc., shall also be possible as necessary. In particular, when explaining the structure of fund, it is advisable to explain the content of the main investment target and investment method (whether the fund directly invests or indirectly invests through the family fund method, etc.) by which the fund generates profits, using diagrams, etc., so that investors can easily understand.
- (b) If an operating authority is delegated, the name of the party to whom the investment is delegated, content of the delegation, etc., shall be described.
- (c) For funds for which the investment goals or investment policy is expected to change during the trust period, the content at the time of initial establishment and content after the change shall be described.
- (d) With regard to the currency selection type of investment trust, etc., the structure of fund and the sources of revenue shall be specified in conceptual diagrams, and the risk and return of each source of revenue shall be explained using conceptual diagrams for each element in order to render a complete picture. When preparing conceptual diagrams, the details shall be devised and described in conformity with the structure of each fund with reference to the description method set forth in the By-laws.
- (e) When describing the distribution policy, that the distribution policy does not guarantee future distribution shall be devised and described, with reference to the description method set forth in the By-laws.

(2) Investment risk

(i) Main factors of fluctuations in constant value

When describing investment risk, the description shall be devised, for example, by determining the order of description in accordance with the degree of influence on the fund and emphasizing characters by changing its size and boldness.

At the beginning of the clause on investment risk, it shall also be stated that all profits and losses arising from management of the fund shall belong to the investors, that the investment trust shall be a financial instrument without principal guarantee, and that the investment trust shall differ from deposits and savings.

(ii) Other points to note

The following matters shall be described as other points of note:

(a) The fact that a cooling-off period does not apply

(b) Matters concerning liquidity risk

Explanation of the circumstances in which the fund's liquidity risk may be actualized and explanation of restrictions, etc., on requests for early cancellation by investors (beneficiaries) arising therefrom

(c) Other matters to be specially mentioned

(iii) Risk management system

The management system (including the liquidity risk management system) of the fund and the management company shall be briefly described.

(iv) Comparison of fluctuation rate with typical asset classes

For reference information, the chart comparing the fluctuation rate between the fund and typical asset classes shall be devised and described with reference to the description method provided in the By-laws in the following manner:

(a) The annual fluctuation rate of the fund (meaning the number obtained by multiplying the quotient obtained by dividing the difference obtained by subtracting the constant value after dividend reinvestment as of the end of each month of the previous year from the constant value after dividend reinvestment as of the end of each month (the constant value calculated by deeming that the distribution amount before taxes has been reinvested at the time of distribution; the same shall apply in (iv) and (v)) by the constant value after dividend reinvestment as of the end of each month of the previous year by 100; hereinafter referred to as the "Annual Fluctuation Rate of the Fund"; the same shall apply in (iv) and (v)) and the annual fluctuation rate (meaning the number obtained by multiplying the quotient obtained by dividing the difference obtained by subtracting the value of the index from the end of each month of the previous year from the value of the index from the end of each month by the value of the index from the end of each month of the previous year by 100; the same shall apply in (iv) hereinafter) of the typical asset class (meaning about six kinds of indices regarding securities and other investment assets, calculated on an objective and fair basis and to be continuously published; the same shall apply in (iv) hereinafter) shall be described using bar graphs representing the average value, maximum value and minimum value of 60 units of data obtained by shifting the measurement period by month.

(b) Among funds for which there are not 60 units of data on the Annual Fluctuation Rate of the Fund, the average value, maximum value, and minimum value shall be calculated using annual fluctuation rate data of the benchmark (meaning the index in cases in which the goal is to make the degree of variability of the unit price pertaining to the fund consistent with the degree of variability

of the specific index [limited to cases in which that intention is determined in the Contract pertaining to the fund or in which it is recorded in the Securities Registration Statement]; the same shall apply in (4) and (5) hereinafter) instead of data on the Annual Fluctuation Rate of the Fund for periods in which the fund has no annual fluctuation rate. However, that this shall not apply to cases in which there is a concern that the use of such benchmark's annual fluctuation rate data may cause misunderstanding for the Investors.

- (c) If the average value, maximum value, and minimum value are calculated by using data on the annual fluctuation rate of the benchmark instead of data on the Annual Fluctuation Rate of the Fund, that fact shall be stated, and then necessary matters shall be described so as not to cause misunderstanding for investors. In addition, if the annual fluctuation rate of the benchmark has not been used due to concern that use of the annual fluctuation rate of the benchmark may cause misunderstanding for investors, that fact and the reason thereof shall be described. (The same shall apply in (v) hereinafter.)
- (d) As for a fund for which there are not 60 units of data on the Annual Fluctuation Rate of the Fund (including the case when the annual fluctuation rate of the benchmark is used; the same shall apply in (d) hereinafter), if there is concern that showing the index of the Annual Fluctuation Rate of the Fund and the annual fluctuation rate of the typical asset classes in the same diagram may cause misunderstanding for investors for the fund, some way shall be devised such as distinguishing these diagrams clearly, etc.
- (e) If the constant value after dividend reinvestment differs from the actual constant value of the fund, it shall be noted that the annual fluctuation rate calculated by deeming that distribution before taxes has been reinvested is described, and this may differ from the annual fluctuation rate calculated based on the actual constant value. (The same shall apply in (v) hereinafter.)
- (v) Changes in the Annual Fluctuation Rate of the Fund and the Constant Value after Dividend Reinvestment

For reference information, the Annual Fluctuation Rate of the Fund and the changes in the constant value after dividend reinvestment shall be devised and described in the following manner, using the description method provided in the By-laws as a reference.

In principle, entries shall be made next to "(iv) Comparison of fluctuation rate with typical asset classes" above.

- (a) In describing the changes in Annual Fluctuation Rate of the Fund and the constant value after dividend reinvestment, 60 units of data on the Annual Fluctuation Rate of the Fund for each month shall be displayed in bar graphs with regard to the Annual Fluctuation Rate of the Fund, and the constant value after dividend reinvestment shall be displayed in line graphs.
- (b) Among funds for which there are not 60 units of data on the Annual Fluctuation Rate of the Fund, funds with a benchmark shall record the data on the annual fluctuation rate of the benchmark for the period during which there are no data on the Annual Fluctuation Rate of the Fund. However, that this shall not apply to cases in which there is a concern that the use of such benchmark's annual fluctuation rate data may cause misunderstanding for the Investors.

(c) If the annual fluctuation rate of the benchmark is used, the Annual Fluctuation Rate of the Fund and the annual fluctuation rate of the benchmark shall be described in separate graphs or sorted by color so that they can be clearly distinguished.

(d) If the constant value after dividend reinvestment described differs from the actual constant value, it shall be noted that the constant value calculated by deeming that distribution before taxes has been reinvested is described, and this may differ from the actual constant value.

(3) Investment performance

The following matters shall be recorded regarding the status of management of the fund: Such matters shall be described as reference information at the end of “Management status” and “Investment performance” in the Registration Statement.

In addition, changes in (i) constant value (including the index value obtained by reinvesting dividends; the same shall apply hereinafter), net assets and (iv) annual rate of return in A), and changes in (i) average annual yield for seven days and net assets in B) shall in principle describe the management status for that last 10 years. For funds with an investment period of less than 10 years, the management status up to the investment period shall be stated.

Furthermore, it is preferable that details of investment performance and details of investment risk be described on facing pages.

A) Matters described for funds other than daily settlement funds

(i) Changes in constant value and net assets

Changes in constant value and net assets shall be described in the following manner:

(a) Changes in constant value shall be recorded in a line graph.

(c) The line graph shall be accompanied by a bar graph or area graph of the change in total net assets.

(ii) Changes in distribution

Changes in distribution shall be described in the following manner:

(a) Changes in distribution for each settlement period shall be described in the method specified in the By-laws.

(b) It shall be noted that the distribution data are the figures before taxes.

(iii) Status of major assets

The status of major assets shall be described in the following manner:

(a) In consideration of the characteristics and risk features of the fund, descriptions shall be given of approximately 10 issues that have a significant influence on management. In this case, funds managed through the family fund method, etc. may be described according to the substantial investment destination.

(b) In order to enable investors to easily understand the status of the portfolio, it is advisable to record the status of the industry-classified ratio (top industry after incorporation) and the status of the investment ratios by asset in diagrams, etc., according to the characteristics of the fund.

(iv) Changes in the annual rate of return

In principle, changes in the annual rate of return shall be described for each calendar year in the following manner:



- (a) Changes in the Annual Fluctuation Rate of the Fund shall be described using a bar graph.
- (b) Among newly established funds, funds with a benchmark shall, in principle, describe changes in the fluctuation rate of the benchmark over 10 years using a bar graph. However, this shall not apply to cases in which there is concern that the use of such benchmark's fluctuation rate may cause misunderstanding for the Investor (the same shall apply in (c) hereinafter).
- (c) Among funds with an investment period of less than 10 years, funds with a benchmark shall either describe changes in the fluctuation rate of the benchmark over the period up to the year before the establishment of the fund during the most recent 10 years, or shall also include a bar graph showing the fluctuation rate of the benchmark applicable to the last 10 years. In this case, the fund's fluctuation rate and the benchmark's fluctuation rate shall be described in separate diagrams or sorted by color so that they can be clearly distinguished.
- (d) if there is no benchmark, a statement to the effect that there is no benchmark shall be recorded, and if there is any concern that the inclusion of the benchmark would cause misunderstanding for the Investors, a statement to that effect shall be recorded.
- (v) In (i) and (iv), the basis of calculation shall be noted, such as by stating, "It is calculated by deeming that the distribution amount at the time of settlement of accounts has been reinvested without tax."

B) Matters described for daily settlement funds

- (i) Changes in average annual yield for seven days and net assets

Changes in the average annual yield for seven days and net assets shall be recorded in the following manner:

- (a) Changes in the average annual yield for seven days shall be recorded in a line graph.
- (c) The line graph shall be accompanied by a bar graph or area graph of the change in total net assets.
- (c) Note that data on the average annual yield for seven days shall be pre-tax.

- (ii) Status of major assets

The status of major assets shall be described in the following manner:

- (a) In consideration of the characteristics and risk features of the fund, descriptions shall be given of approximately 10 issues that have a significant influence on management.
- (b) In order to enable investors to easily understand the status of the portfolio, it is advisable to record the status of the investment ratios by asset in diagrams, etc., according to the characteristics of the fund.

C) Notes on description of investment performance

The following matters shall be described as notes on investment performance:

- (a) The fact that the investment performance of the fund is past results and does not promise future investment results
- (b) If a benchmark is described, that the information on the benchmark is described solely as reference information and is not investment performance of the fund
- (c) If management status is disclosed (or is scheduled to be disclosed) on the management company's website, etc., a statement to that effect

(4) Procedures and fees

Procedures and fees shall be described in the format prescribed in the By-laws.

2. The currency selection type of investment trust, etc., prescribed in Item (1)-(ii)-(d) of the preceding paragraph shall be a currency selection type of investment trust (meaning an investment trust consisting of multiple currency courses selectable by the investor, seeking profits from incorporated assets as well as multiple profits (premiums from foreign exchange transaction (profits corresponding to differences in interest rate) and profits on currency exchange) in the currency of the course) and shall be an investment trust seeking profits equivalent to a currency selection type of investment trust in a single-currency course.

\* By-laws Article 3, Article 3-2, Article 5, and Article 6

#### Article 4. Additional Information

1. In addition to the matters described in accordance with the preceding article, funds with information that should be disclosed to investors as characteristics or risks of the fund shall specify it as “additional matters described” and describe the content of the information according to the description in the Registration Statement. In this case, the following matters shall be taken into consideration:
  - (1) The fund of funds must state in the Delivery Prospectus the content of the list for the fund to be invested and the outline of the fund (major investment targets, investment areas, etc.).
  - (2) For funds with target investment results (constant value, redemption value, income distribution, etc.) or trust termination dates, etc. determined under certain conditions fixed by the values of explicit indices, etc. through investment in structured bonds or use of other special mechanisms, the content of the structured bonds or other special mechanisms and the content of the target investment results must be described in the Delivery Prospectus.
  - (3) For funds aiming to seek profits not easily affected by a specific market or funds aiming to seek profits through a long/short strategy, the content of the investment goals and investment method must be described in the Delivery Prospectus.
  - (4) If a fund actively utilizes derivative transactions, the content of the investment method through such derivative transactions, the target investment results, and the content of risks shall be described in the Delivery Prospectus.
  - (5) If assets for which the publication of the value of structured bonds, etc., or liquidation period is limited to a specific date are the main investment targets, that the circumstances affect constant value calculation and liquidation of the fund shall be described in the Delivery Prospectus.
  - (6) For monthly distribution-type investment trusts and bimonthly distribution-type investment trusts (those for which the settlement frequency is every month or every other month), the following content must be described in the Delivery Prospectus in the manner prescribed in the By-laws:
    - (i) That distribution shall be paid from the net assets of the investment trust
    - (ii) That distribution may be paid in excess of profits
    - (iii) That distribution may, in whole or in part, be equivalent to partial payback of the principal
  - (7) If an investment trust related to a leverage index, etc. (an investment trust that falls under Article 83, Paragraph 1, Item 8 of the Cabinet Office Ordinance on Financial Instruments Business, etc.) is subject

to the matters set forth in sub-items (a) and (b) of the same item, such fact, the reasons therefor, and the matters set forth in sub-item (c) of the same item must be described in the Delivery Prospectus.

2. The matters set forth in the items of the preceding paragraph shall not be precluded from being described as “Purpose and Features of the Fund” or “investment risk” rather than “additional matters described.”

\* Article 4 of the By-laws

#### Article 4-2. Precautionary Wording for Funds Investing in Low-Liquidity Assets

“IV Non-Liquid Assets” specified by management companies based on Article 2-4, Item 1(b) of the Rules on Management of Investment Trusts, etc. (if management companies adopt a classification method different from the classification method set forth in Article 2-4, Item 1(b) of the said Rules, the lowest of said classification) shall be the main investment target of the fund, and if advance redemption of the fund is difficult due to the concentration of early cancellation requests from beneficiaries during the trust period, the following measures shall be taken:

- (1) Prominently displaying on the cover page of the Delivery Prospectus the fact that liquidity is lacking
- (2) Describing in the section on “investment risk” in the Delivery Prospectus that liquidity is lacking (including the fact that liquidity is likely to be lacking) and the impact thereof

#### Article 4-3. Special Provisions for Privately Placed Investment Trusts Invested in Low-Liquidity Assets

With regard to privately placed investment trusts for which it is expected to be difficult to respond to requests for partial cancellation from beneficiaries during the trust period, from the viewpoint of encouraging caution against the liquidity risk of the privately placed investment trusts, when preparing documents used for explanation of products to investors, a description of the risk in Article 3, Paragraph 1, Item 2-(ii)-(b) and the content corresponding to items (iii) that should be described as a risk management system shall be conspicuously indicated in the passage in the document where the descriptions of the product attributes and characteristics of the investment trust are recorded.

#### Article 5 Special Provisions for the Delivery Prospectus of Multiple Funds

When recording a Delivery Prospectus for multiple funds, based on the object of the provisions in Article 2 through Article 4, the Delivery Prospectus may be devised and recorded so as to enable the Investors to clearly understand the differences among the funds within the scope specified by laws and regulations and to the extent that such differences do not cause any misunderstanding to the investor.

#### Article 5-2. Special Provisions for the Delivery Prospectus of Funds Subject to Credit Risk Diversification Control

Funds that fall under Article 17-3, Paragraph 1, Items 3 and 4 of the Rules on Management of Investment Trusts, etc., shall be described with reference to the description method provided in the By-laws.

\* Article 6-2 of the By-laws

#### Article 6. Requirements for Delivery of Contracts

If the full text of the Contract is recorded in the Requested Prospectus, the provisions of Article 5 of the Investment Trust Act shall be satisfied by delivering the Delivery Prospectus recording the main content of the Contract to the investor.

In addition, the main content of the Contract may be recorded in the Delivery Prospectus in a concise and easy-to-understand manner based on the matters described in the Contract.

#### Article 7. Standards, etc., for the Delivery Prospectus

1. The standard for providing the Delivery Prospectus as printed material shall be A4 size.
2. The characters used shall be of a size that gives consideration to legibility for investors. When stating matters regarding investment risk that are provided as requirements for the pre-contract documents, the characters shall be characters 10-point size or larger as provided for in Japanese Industrial Standard Z8305.

However, with regard to the statements at the beginning of “Investment risk” in the second sentence of Article 3, Paragraph 1, Item 2-(i) that all profits and losses arising from management of the fund shall belong to the investors, that the investment trust shall be a financial instrument without principal guarantee, and that the investment trust shall differ from deposits and savings, said statements shall be made in characters larger than those other than at the beginning of “Investment risk” or, if this is difficult, said statements shall be made in such a way that they stand out, such as in red type or underlined.

3. The volume shall be appropriate so that investors can easily understand.
4. In addition to the matters set forth in each of the preceding paragraphs, the written expressions to be noted in preparing the Delivery Prospectus shall be as specified in the By-laws.

\* Article 7 of the By-laws

#### Article 8. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Article 9. Others

Any matters not provided for in these Rules with regard to the Delivery Prospectus of an investment trust may be decided by resolution of the Board of Directors.

#### Article 10 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors. ).

#### Supplementary Provisions

1. These Rules shall come into effect on July 1, 2010.

However, this provision shall be applied from the Delivery Prospectus of the Securities Registration Statement newly submitted on or after the effective date.

2. The “Guidelines for Preparation of the Prospectus” (Established March 15, 2002) shall be repealed as of the effective date upon the establishment of these Rules.

#### Supplementary Provisions

1. This amendment shall come into effect on February 1, 2012 and shall apply to those whose Securities Registration Statement is newly submitted on or after the effective date.
2. Notwithstanding the foregoing Paragraph 1., Full Members shall not be precluded from operating based on the provisions after amendment until the date of such application.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provisions

1. This amendment shall come into effect on February 21, 2013 and shall apply to any new Securities Registration Statement submitted on or after the effective date.
2. Notwithstanding 1. above, full members shall not be precluded from operating based on the provisions after the amendment until the date of such application.

#### Supplementary Provisions

1. This amendment shall come into effect on December 1, 2014 and shall apply to any new Securities Registration Statement submitted on or after the effective date. Securities Registration Statements submitted before the effective date shall be according to former precedent.
2. In the Supplementary Provisions of the Financial Instruments Act (Article 38 of the Act. No. 45 of 2013 [Review]) the “government shall review the provisions of each law after its revision (hereinafter in this article referred to as “Each Revised Law”) in principle five years from the effective date, and take measures as deemed necessary based on the results thereof in consideration of the state of enforcement of each revised law.”

\* The amended Articles are as follows:

- (1) Article 1 is amended.
- (2) Article 3, Paragraph 1, Item 2-(iv) and Item 2-(v) are newly established.

#### Supplementary Provision

This amendment shall come into effect on December 1, 2014.

\* The amended Articles are as follows:

Article 5-2 is newly established.

### Supplementary Provisions

This amendment shall come into effect on January 1, 2022 and shall apply to any Delivery Prospectus that comes into use on or after the effective date.

However, if management companies decide to implement Article 2-4, Item 1 of the Rules on Management of Investment Trusts, etc., on a day after January 1, 2022 after formulating a reasonable implementation plan based on their own circumstances, such amendment may go into effect on such day.

The provisions after amendment may be applied before the date of implementation at the discretion of the Management Companies, etc.

\* The amended Articles are as follows:

- (1) Article 3, Item 2-(ii)-(b) is newly established, and the former “b” is amended to “c.”
- (2) Article 3, Item 2-(iii)
- (3) Articles 4-2 and 4-3 are newly established.

### Supplementary Provision

This amendment shall come into effect on January 24, 2022.

Note that with respect to the application of the revised provision in Article 4, Paragraph 1, Item 7, the provisions then in force may remain applicable for up to one year after the effective date.

\* The amended Articles are as follows:

- (1) Added Article 4, Paragraph 1, Item 7.

## By-laws on the Rules for Preparation of Delivery Prospectus

Established on March 18, 2010  
 Revised on November 17, 2011  
 Revised on February 21, 2013  
 Revised on June 12, 2014  
 Revised on July 17, 2014

### Article 1. Purpose

These By-laws shall provide for matters necessary for implementation of the Rules for Preparation of Delivery Prospectus (hereinafter referred to as the “Rules”).

### Article 2. Description Format for Instrument Classification and Attribute Categories

The format provided for in the By-laws as prescribed in Article 2, Item 9 of the Rules shall be the following format:

Instrument Classification				Attribute Category				
Unit type/open type	Investment target area	Investment target assets (Source of revenue)	..	Investment target assets	Settlement frequency	Investment target area	Investment form	..
..	..	..	..	..	..	..	..	..

(Points to consider in writing)

1. Instrument Classification and attribute category shall be clearly distinguished.
2. Among the above items, any item not applicable may be omitted.
3. In the “Currency hedge” section stated in the attribute category, record whether there are hedges against exchange risk against the yen.
4. In the event that it is difficult to indicate the item in the parentheses of “investment target assets” in the table due to space, etc., it may be recorded in the margins of the table as required.

### Article 3. Description Method as Specified in the By-laws as the Characteristics of the Fund

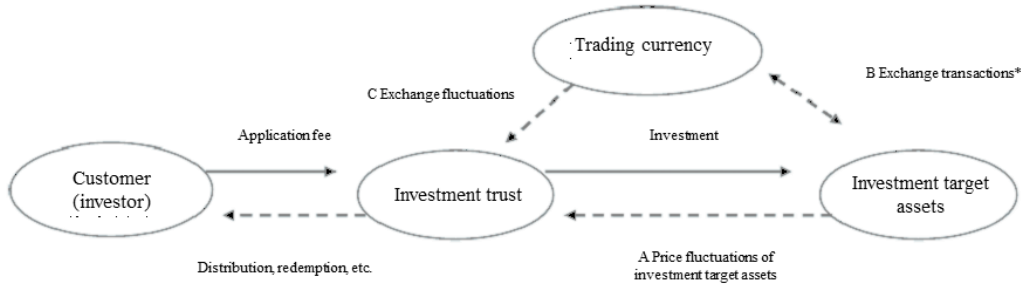
The description method specified in the By-laws as prescribed in Article 3, Paragraph 1, Item 1-(ii)-(d) and (e) of the Rules shall be as follows:

- (1) With regard to currency selection type of investment trusts, etc., (meaning the investment trust prescribed in Article 3, Paragraph 2 of the Rules; the same shall apply hereinafter) the places of publication of the matters set forth in (i) through (ii) below shall be specified in conformity with the product attributes of the investment trust with much consideration.
  - (i) For currency selection type of investment trusts, the elements of their respective revenue sources (for example, “revenues from investment target assets,” “premiums from exchange transactions (revenues equivalent to interest rate differences),” “revenues from exchange fluctuations,” etc.) shall

be explained in the text of the Delivery Prospectus using writing and diagrams, and conceptual diagrams illustrating the mechanism of currency selection type of investment trusts shall also be recorded, with reference to the following example diagrams.

○ Conceptual diagram example illustrating the mechanism of currency selection type of investment trusts

< Conceptual diagram of a currency selection type of investment trust >

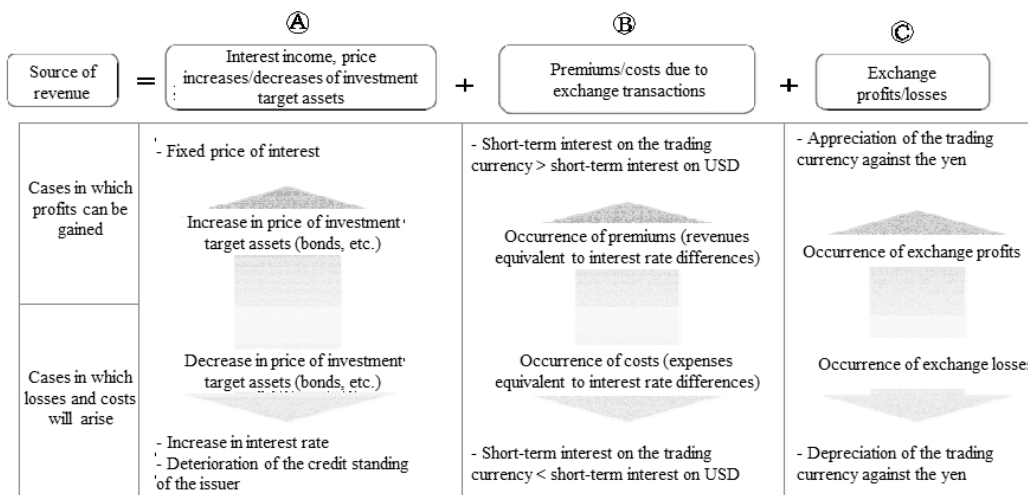


\* When the trading currency is a currency other than yen, it is necessary to bear in mind that exchange risk against the yen may arise for the trading currency.

(ii) A conceptual diagram illustrating the risk and return of currency selection type of investment trusts shall be recorded with reference to the following example diagram in order to confirm the risk and return of currency selection type of investment trusts in a single diagram that presents “cases in which profits can be gained” and “cases in which losses and costs will arise” for each element of the source of revenue.

○ Conceptual diagram example illustrating risk and return for currency selection type of investment trusts

● There are the three main sources of revenue below for a currency-selective investment trust: Caution is needed against risks inherent in these sources of revenue.





(Points to consider in writing)

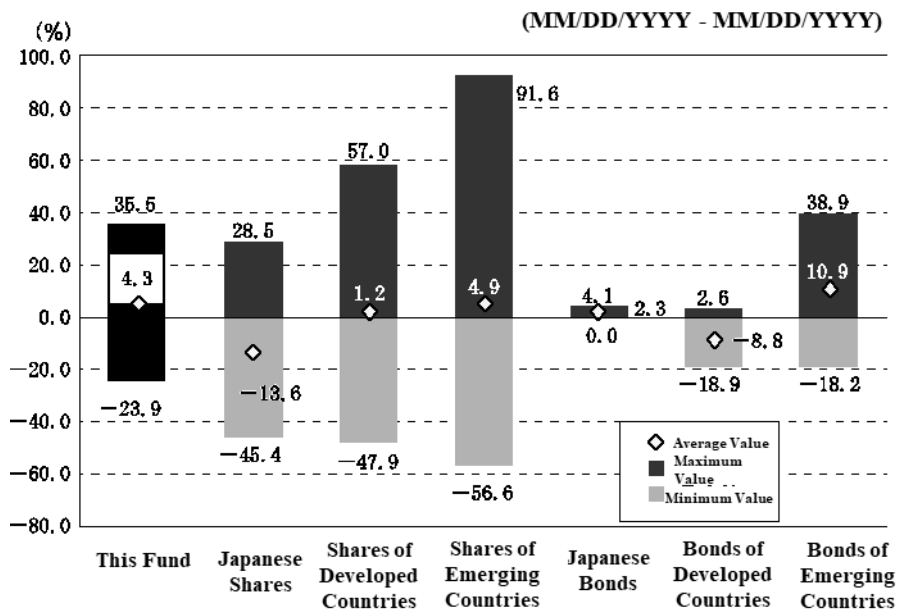
1. Conceptual diagrams shall be in accordance with the investment trust product scheme handled by each company for illustrative purposes.
  
- (2) With regard to the description of the “Distribution Policy” set forth in Article 3, Paragraph 1, Item 1-(ii)-(e) of the Rules, that the distribution policy does not guarantee future distribution shall be devised and recorded with reference to the following description examples:
  - (i) If describing only in writing, for example, “Payment of future distribution and the amount thereof shall not be guaranteed,” shall be indicated with some contrivance such as making the size of the characters in the description in the text an equivalent size.
  - (ii) If writing is added to conceptual diagrams in the “Distribution Policy,” for example, “The above is for illustrative purposes only and does not indicate or guarantee the payment of distribution in the future or the amount thereof,” shall be indicated with some contrivance such as making the size of the characters in the description in the text an equivalent size or considering the balance with the conceptual diagram.

Article 3-2. (Description Format for Comparison of Fluctuation Rate with Typical Asset Classes)

The description method specified in the By-laws as prescribed in Article 3, Paragraph 1, Item 2-(iv) of the Rules shall be as follows:

- Conceptual diagram example of a comparison of fluctuation rate with typical asset classes

<Comparison of fluctuation rate of the fund with other typical asset classes>



(Average fluctuation rate, annual maximum fluctuation rate and minimum fluctuation rate (%) of the fund and other typical asset classes)

	This Fund	Japanese Shares	Shares of Developed Countries	Shares of Emerging Countries	Japanese Bonds	Bonds of Developed Countries	Bonds of Emerging Countries
Average Value	+4.3	-13.6	+1.2	+4.9	+2.3	-8.8	+10.9
Maximum Value	35.5	28.5	57.0	91.6	4.1	2.6	38.9
Minimum Value	-23.9	-45.4	-47.9	-56.6	0	-18.9	-18.2

(Note) Not all asset classes are investment targets of the fund.

\* The average, maximum, and minimum fluctuation rates for every end-of-month of the last year during the five-year period from MMY to MMY are shown for the fund and other typical asset classes.

\* Index for each asset class

- Japanese Shares ..... ○○○○
- Shares of Developed Countries ..... ○○○○
- Shares of Emerging Countries..... ○○○○
- Japanese Bonds ..... ○○○○
- Bonds of Developed Countries..... ○○○○
- Bonds of Emerging Countries ..... ○○○○

(Note) Overseas indices are converted into yen on the assumption that investments are made without exchange hedging.

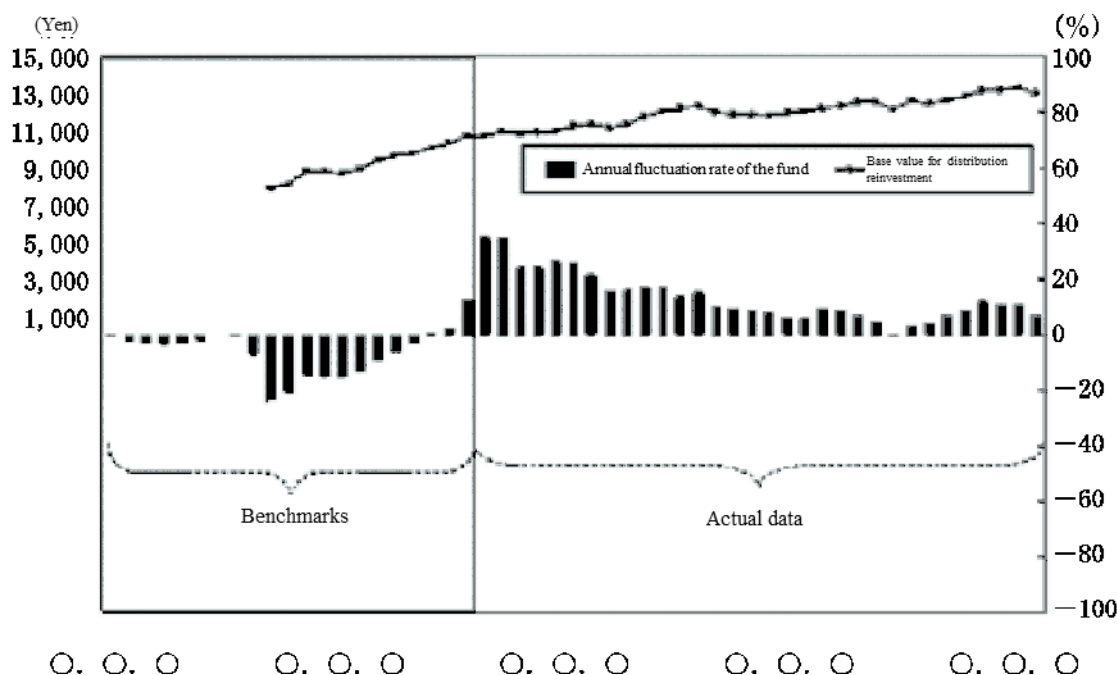
(Points to consider in writing)

1. Conceptual diagrams shall be in accordance with the investment trust product handled by each company for illustrative purposes. When the average, maximum, and minimum fluctuation rates are shown in the diagram, the table “(for average fluctuation rate, annual maximum fluctuation rate, and minimum fluctuation rate (%) for the fund and other typical asset classes)” need not be shown.
2. In recording a graph for comparison with typical asset classes, in order to make it easy for investors to understand the purpose of including this graph, creative efforts shall be made by, for example, stating that “The graph has been created so as to enable quantitative comparison between the fund and typical asset classes.”

Article 3-3. (Description Format for Changes in Annual Fluctuation Rate of the Fund and Base Value after Dividend Reinvestment)

The description method specified in the By-laws as prescribed in Article 3, Paragraph 1, Item 2-(v) of the Rules shall be as follows:

- Conceptual diagram example indicating changes in Annual Fluctuation Rate of the Fund and base value after dividend reinvestment



(Points to consider in writing)

1. Conceptual diagrams shall be in accordance with the investment trust product handled by each company for illustrative purposes.

#### Article 4. Description Method Specified in the By-laws as Additional Information

The description method specified in the By-laws as prescribed in Article 4, Paragraph 1, Item 6 of the Rules shall be as follows:

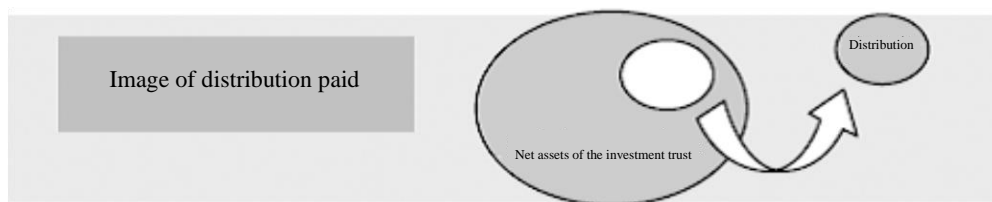
According to the description method in (i) to (iii) below, investment trusts as set forth in Article 4, Paragraph 1, Item 6 of the Rules shall be noted as “Points to Consider in Income Distribution,” etc., and shall in principle be described following the passage on distribution policy in the “Purpose and Features of the Fund.”

Investment trusts subject to this item shall mean publicly offered open type investment trust (excluding exchange-traded securities investment trusts (investment trusts prescribed in Article 12, Items 1 and 2 of the Regulation for Enforcement Order of the Act on Investment Trusts and Investment Corporations and listed investment trusts prescribed in Article 9-4-2 of the Act on Special Measures Concerning Taxation; hereinafter referred to as “Listed Investment Trust”)).

- (i) Recording method for image of payment of distribution

As an explanation in writing, for example, that “Unlike interest on deposits and savings, distribution is paid out of the net assets of the investment trust, so when distribution is paid, the base value is reduced by an equivalent amount,” shall be recorded in a conspicuous manner, such as enclosed by a frame, and a conceptual diagram of the distribution paid out of the net assets of the investment trust in reference to the example diagram below shall also be recorded.

- Conceptual diagram example of distribution paid out of the net assets of the investment trust

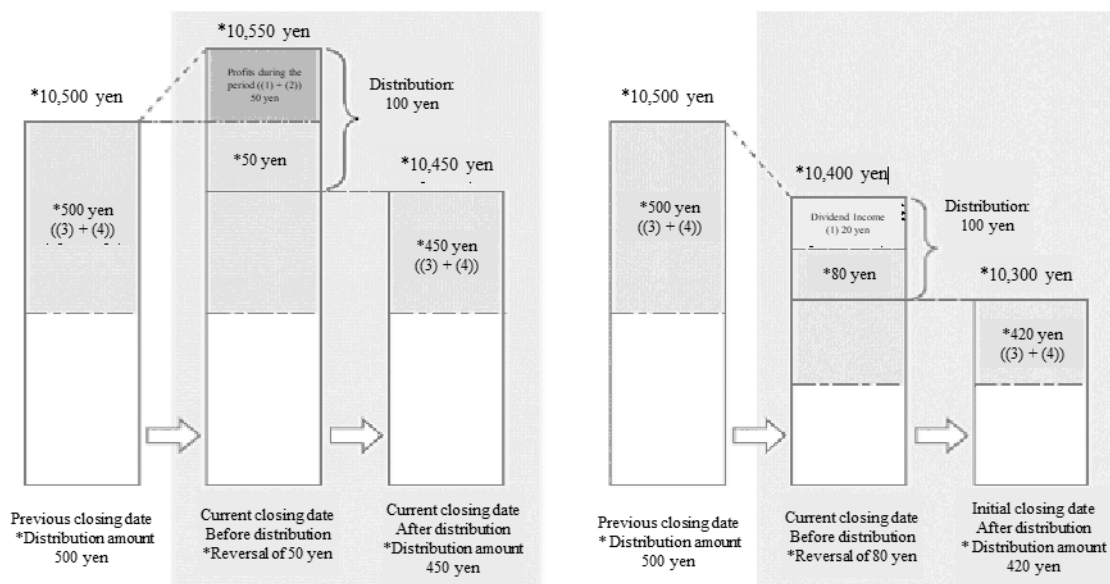


- (ii) Recording method for image in which distribution is paid in excess of profits

As an explanation in writing, for example, that “Distribution may be paid in excess of profits generated during the accounting period (transaction gains such as distributions after deduction of expenses, including valuation gains). In that case, the base value on the current closing date will be lower than that of the previous period’s settlement date. In addition, the standard for distribution does not necessarily indicate the rate of return of the fund during the calculation period,” shall be recorded in a conspicuous manner, such as enclosed by a frame, and a conceptual diagram of distribution payment in excess of profits in reference to the example diagram below shall also be recorded.

- Conceptual diagram example of distribution paid in excess of profits generated during the calculation period

(If the base value increases from the previous closing date) (If the base value decreases from the previous closing date)



(Note) The distribution amount is (i) dividend income, (ii) transaction gains including valuation gains after deduction of expenses, (iii) reserve for dividends, and (iv) revenue adjustment.

Distribution shall be paid out of the distribution amount in accordance with the distribution policy.

\* Bear in mind that the above is for illustrative purposes only and does not indicate or guarantee the actual distribution amount or the base value.

(Points to consider in writing)

1. With regard to the distribution amount, as an explanation in a conceptual diagram, the following shall be clearly noted: (i) dividend income after deduction of expenses, (ii) transaction gains including

valuation gains after deduction of expenses, (iii) reserve for dividends, and (iv) revenue adjustment. It shall also be recorded that “Distribution shall be paid out of the distribution amount based on the distribution policy.”

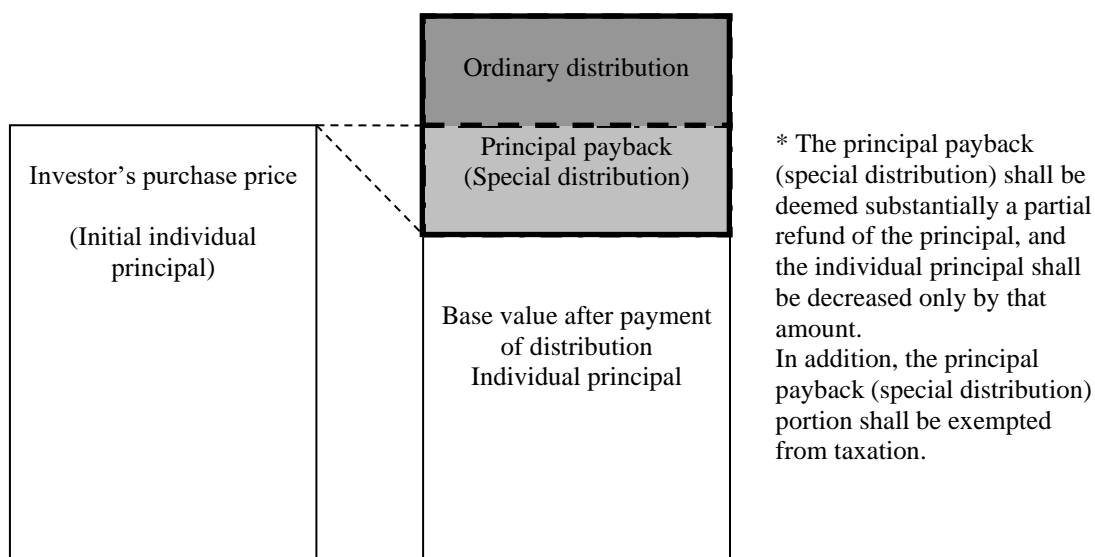
2. With regard to the expression of conceptual diagrams, the specific amount of money shall be recorded in an easy-to-understand manner.
3. With regard to conceptual diagrams, it shall be recorded to “Bear in mind that the above is for illustrative purposes only and does not indicate or guarantee the actual distribution amount or the base value.”

(iii) Recording method for image in which distribution, in whole or in part, is equivalent to partial payback of the principal.

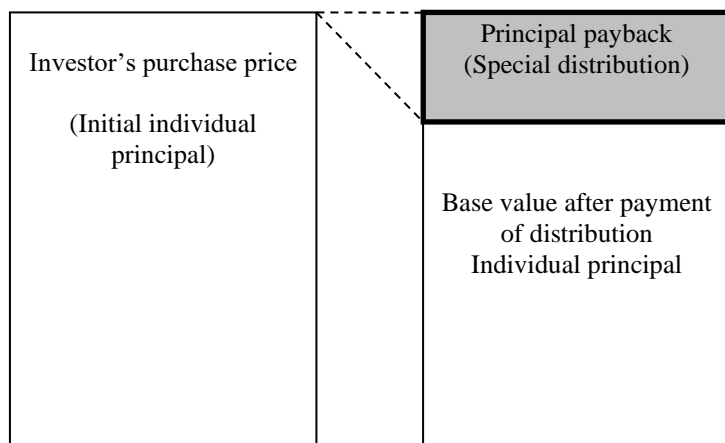
As an explanation in writing, for example, that “Depending on the investor’s purchase price of the fund, distribution, in whole or in part, may be substantially equivalent to a partial payback of the principal,” or that “Depending on the investor’s purchase price of the fund, distribution, in whole or in part, may be substantially equivalent to a partial payback of the principal. The same shall apply when the increase in the base value is smaller than the increase in the distribution amount due to management status after the purchase of the fund,” shall be recorded in a conspicuous manner, such as enclosed by a frame, and a conceptual diagram of a case in which distribution, in whole or in part, is equivalent to a partial payback of the principal, in reference to the example diagram below, shall also be recorded.

- Conceptual diagram example of a case in which distribution, in whole or in part, is equivalent to a partial payback of the principal

(A case in which distribution is in part equivalent to a partial payback of the principal)



(Cases in which the whole distribution is equivalent to partial payback of the principal)



(Points to consider in writing)

1. When recording that distribution, in whole or in part, is equivalent to a partial payback of the principal, a description of ordinary distribution (distribution from the portion exceeding individual principal [investor's purchase price of the fund]) and the principal payback (special distribution) (distribution from the portion below individual principal) shall be recorded. In addition, with regard to the principal payback (special distribution), it shall be recorded that "The investor's individual principal after distribution shall decrease by the amount of the principal payback (special distribution)."
2. As a note, "With regard to taxation on ordinary distribution, refer to 'Fund Expenses and Taxes' in 'Procedures and Fees, etc.' of the Delivery Prospectus," shall be inserted. Conceptual diagrams of cases in which distribution, in whole or in part, is equivalent to partial payback of the principal may be recorded in "Fund Expenses and Taxes" in "Procedures and fees."

Article 5. Description Method for Changes in Distribution

The description method specified in Article 3, Paragraph 1, Item 3 A)-(ii) of the Rules shall be as follows:

Description example (1) (example of twice-yearly settlement fund)

October 2009	40 yen
April 2009	60 yen
October 2008	30 yen
April 2008	50 yen
October 2007	40 yen
Cumulative total since establishment	2,460 yen

The past five calculation periods and cumulative total since establishment are shown together.

Description example (2) (example of monthly settlement fund)

October 2009	40 yen
September 2009	40 yen
August 2009	40 yen
July 2009	40 yen
June 2009	40 yen
Cumulative total for the most recent year	480 yen
Cumulative total since establishment	2,400 yen

The past five calculation periods, cumulative total for the most recent year, and cumulative total since establishment are shown together.

(Points to consider in writing)

1. When recording changes in distribution, these shall be described in the form of a table for at least the latest five calculation periods.  
As in the description example above, the total value of several calculation periods (for example, since establishment and the last several calculation periods) may also be described together.
2. The unit of distribution (per 1 unit; per 10,000 units; etc.) shall be specified.
3. It shall be recorded that the distribution data are figures before taxes.

Article 6. Description Format for Procedures and Fees

The format provided for in the By-laws as prescribed in Article 3, Paragraph 1, Item 4 of the Rules shall be the following format: However, listed investment trusts, property accumulation benefit funds (investment trusts with beneficiaries being workers under workers' property accumulation contracts as provided in Article 6-2 of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971), in which the employer who employs the workers shall contribute all of the money to be allocated to the establishment of the investment trust), and funds exclusively for defined contribution pension plans (investment trusts for the purpose of managing funds contributed by individuals or employers under the Defined Contribution Pension Act (Act No. 88 of 2001)) may be established in accordance with the characteristics of said funds.

(1) Application memo

Purchase units	
Purchase value	
Purchase price	* Points to consider in writing 1
Liquidation unit	
Liquidation value	
Liquidation price	* Points to consider in writing 2
Application deadline	
Purchase application period	* Points to consider in writing 3
Restrictions on liquidation	* Points to consider in writing 4
Suspension and cancellation of acceptance of purchase and liquidation applications	* Points to consider in writing 5
Trust Period	* Points to consider in writing 6
Advance redemption	* Points to consider in writing 7
Closing date	
Distribution of profits	* Points to consider in writing 8
Limit of trust money	
Notification	
Investment Report	* Points to consider in writing 9
Taxation-related	* Points to consider in writing 10

(Points to consider in writing)

1. "Purchase price" shall indicate the due date by which the Investor shall pay the purchase price.
2. "Liquidation price" shall indicate the date of commencement of payment of the liquidation price.
3. "Purchase application period" may be stated at the beginning of the application memo if it is considered to be important information for investors in newly established funds or unit types.
4. "Restrictions on liquidation" shall indicate restrictions pertaining to closed terms or large-scale early cancellations if such matters exist. If such matters do not exist, that shall be indicated as "N/A" or "-."
5. "Suspension and cancellation of acceptance of purchase and liquidation applications" shall state that acceptance of purchase and liquidation applications may be suspended or cancelled due to suspension of transactions at financial instruments exchanges, etc.
6. "Trust period" shall indicate the "trust establishment date" and the "redemption date" (or if the trust period is indefinite, a statement to that effect).
7. "Advance redemption" shall indicate that the fund may be redeemed in advance and the requirements therefore.
8. "Distribution of profits" shall indicate the frequency of distribution, handling of distribution (possibilities for reinvestment), etc.
9. "Investment Report" shall indicate the time of preparation of the investment report (if an Investment Report (Delivery Version) has been prepared, the Investment Report (Delivery Version)) and the fact that the investment report will be delivered to known beneficiaries.
10. "Taxation-related" shall in principle indicate that the trust is to be treated as a share investment trust for taxation purposes or that the trust is to be treated as a public and corporate bond investment trust for taxation purposes. In addition, if any dividend deduction system or deduction for dividends is applicable, such fact shall be indicated. However, this shall not apply to any of the following investment trusts:
  - Publicly offered bond investment trust prescribed in Article 2, Paragraph 1, Item 15-3 of the Income Tax Act
11. In addition to the above items, if there are any other matters to be described, such as the characteristics



of the fund or any other matters considered necessary, said other matters shall be described in addition to the above items as appropriate.

(2) Fund expenses and taxes

(a) Fund expenses

Expenses directly borne by the investor		
	Commission at time of purchase	* Points to consider in writing 2
	Amount retained in trust property	
Expenses indirectly borne by the investor in the trust property		
* {	Investment management expenses (trust fee)	* Points to consider in writing 3
	(Management company)	* Points to consider in writing 3
	(Seller)	* Points to consider in writing 3
	(Trustee company)	* Points to consider in writing 3
	Other expenses and fees	* Points to consider in writing 5

\* Passages to write in parentheses

(Points to consider in writing)

1. With regard to expenses directly borne by the investor (commission at the time of purchase, amount retained in trust assets) and expenses indirectly borne by the investor (investment management expenses (trust fee) and other expenses and fees), the amount or rate of fees, collection method, and collection period shall be recorded. In recording commission at the time of purchase, the amount retained in trust property, investment management expenses (trust fee (total)), and fees at the time of liquidation, efforts shall be made so that they are conspicuous, such as by using red type or underlining.
2. With regard to commission at the time of purchase, the content of the services for which the commission is compensation shall be described in a table so as to compare with the commission.
3. With regard to investment management expenses (trust fee), not only the total price with tax but also the calculation method, amount or rate, collection method, and collection period shall be indicated for each party to whom payment is made, and the same shall be indicated in the table for comparison with reference to the following matters:
  - Trust fee = base value during the investment period x trust fee rate
  - (Management company) Compensation for management of entrusted funds
  - (Sales company) Compensation for sending various documents such as investment reports, managing the fund in the account, providing information after purchase, etc.
  - (Trustee company) Compensation for administration of investment property and execution of instructions from the management company
4. For expenses not applicable to any of the above items, the fact that such expenses are not applicable shall be indicated.
5. With regard to other expenses and fees, the calculation method, amount or rate, collection method, collection period, and content of services for which the fees are the compensation (for example,

fees for audits, etc.) shall be recorded for each party to whom payment is made. In addition, if rates cannot be recorded in advance, such fact and the reason therefore shall be recorded, and if rates can be confirmed in the Requested Prospectus, such fact shall be recorded.

6. For funds that collect expenses other than the above items and which have expenses to be separately described (for example, funds that collect fees at the time of liquidation), the items shall be added as appropriate, and the content of the expenses and services for which the fees are the compensation shall be described.
7. In the case of the fund of funds, the content of substantial expenses shall be described with reference to the following examples.

If explaining substantial expenses is difficult, it may be substituted with such statement.

[Description example of investment management expenses (trust fee) for the fund of funds]

Investment management expenses of the fund (trust fee)	
(Management company)	
(Seller)	
(Trustee company)	
Investment trust securities considered the investment target	
Substantial burden	

8. If explaining the above points to consider in writing in the table items is difficult, the points to consider in writing may be described in the table margins as appropriate.

(a) Taxes

Taxes shall be stated in accordance with the classification of share investment trusts and public and corporate bond investment trusts based on the following examples.

[Description example of share investment trusts]

- Taxes shall apply in the period listed.
- The following table shows the withholding tax rates of individual investors, which may vary depending on taxation methods.

Period	Item	Taxes
At distribution	Income taxes and local taxes	Taxation as dividend income ●% against ordinary distribution
At the time of liquidation (early cancellation) and at the time of redemption	Income taxes and local taxes	Taxation as transfer income ●% against marginal profits (transfer profits) at the time of liquidation (early cancellation) and redemption

- Since the above is as of MMDDYY, tax rates may change if tax laws are amended.
- Cases of corporations differ from the above.

- It is recommended that details of tax handling be confirmed with tax specialists.

[Description example of public and corporate bond investment trusts]

- Taxes shall apply in the period listed.
- The following table shows tax rates for individual investors. (May differ if using tax exemption systems)

Period	Item	Taxes
At distribution	Income taxes and local taxes	Taxation as interest income ●% of distribution
At the time of liquidation (early cancellation) and redemption	Income taxes and local taxes	Taxation as interest income ●% against the amount in excess of (individual) principal at the time of liquidation (early cancellation) and at the time of redemption

- Since the above is as of MMDDYY, tax rates may change if tax laws are amended.
- Cases of corporations differ from the above.
- It is recommended that details of tax handling be confirmed with tax specialists.

Article 6-2. The Description Method Specified in the By-laws regarding Names of Funds Subject to Credit Risk Diversification Control

The description method specified in the By-laws as prescribed in Article 5-2 shall be devised and recorded with reference to the following description examples:

- (1) If there is or is likely to be a controlling issue in excess of the ratio set forth in Article 17-2, Paragraph 1 of the Rules on Management of Investment Trusts, etc. (hereinafter referred to as the “Management Rules”) in the investment target, the fund shall conspicuously indicate on the cover page of the Delivery Prospectus that it will engage in specialized investment and state in the section on “Purpose and Features of the Fund” that there is a controlling issue (including the fact that there is high likelihood of there being a controlling issue) and the effects thereof.
- Examples of description in the section on “Purpose and Features of the Fund” of a Delivery Prospectus in which a controlling issue exists or is highly likely to exist.
- The Fund adopts the XX Stock Index as a benchmark. Since the XX Stock Index has a controlling issue that accounts for, or is likely to account for, more than 10% contribution of the said index, investment concentrated in that specific issue may occur, and large losses may be incurred in the event of bankruptcy or deterioration in business operation or financial status concerned with such controlling issue.
  - The fund combines the XX index with the YY index at a weight of 5:5 and uses that index converted into yen as the benchmark. Since this benchmark has a controlling issue that accounts for, or is likely to account for, more than 10% contribution of the said benchmark, investment concentrated in that

specific issue may occur, and large losses may be incurred in the event of bankruptcy or deterioration in business operation or financial status concerned with such controlling issue.

- The fund has invested in XX-related shares. Since XX-related shares have a controlling issue that accounts for, or is likely to account for, more than 10% contribution of the shares, investment concentrated in that specific issue may occur, and large losses may be incurred in the event of bankruptcy or deterioration in business operation or financial status concerned with such controlling issue.

(2) If the ratio of the exposure to a single entity calculated in the manner set forth in Article 17-2 of the Management Rules to the net assets of the investment trust property exceeds the ratio set forth in Item 1 of the same article, the name of such single entity shall be clearly indicated in the name of the fund so as to be easily understood by general investors, the fact that such single person is engaged in specialized investment shall be conspicuously indicated on the cover page of the Delivery Prospectus, and the existence (including the fact that it is highly likely to exist) and the effect thereof shall be stated in the section on "Purpose and Features of the Fund"

- Examples of fund names that clearly indicate the name of a fund with an entity whose exposure exceeds the regulation ratio
  - "XX Share Fund" (XX is a company name; several companies are possible.)
  - "Indonesian Government Bond Fund"
  - "World Bank Bond Fund"

#### Article 7. Written Expression

The written expression provided for in the By-laws as prescribed in Article 7, Paragraph 4 of the Rules shall be the following items:

- (1) When explanation is made in writing, the following matters should be taken into consideration:
  - (a) To endeavor to express matters concisely and simply. Also, to avoid ambiguous expressions and describe as specifically as possible.
  - (b) To endeavor to shorten single sentences as much as possible and not include multiple pieces of information in one sentence. Also, in principle, not to use any irony or double negatives in a sentence.
  - (c) To refrain from using difficult technical terms as much as possible. Also, to endeavor to use the same terms to indicate the same content.
- (2) To pay attention to the following matters when using graphs and diagrams:
  - (a) To endeavor to select the most suitable format so that investors can easily make decisions.
  - (b) To endeavor to present content so as not to cause misunderstanding for investors.
- (3) When using photographs, illustrations, etc., to pay attention to the following matters:
  - (a) Not to present content in ways likely to cause misunderstanding or prejudice for the investor (for example, any photograph which may cause misunderstanding of the content of the investment target asset by exaggerating part thereof or any portraits of prominent people that may cause

misunderstanding of investment policies).

(b) When presenting photographs or illustrations, strive for a layout that does not make the text difficult to read.

(4) For publicly offered open type investment trust, the term “special distribution” (as defined in Article 27 of the Order for Enforcement of the Income Tax Act (Cabinet Order No. 96 of March 31, 1965); the same shall apply hereinafter.) shall be expressed as “Principal payback (special distribution).”

(5) Not to indicate the terms “stability” or “stable” regarding currency selection type of investment trusts in the distribution policy.

However, this shall not apply to courses for hedging against yen.

#### Supplementary Provisions

These By-laws shall be implemented from July 1, 2010.

However, this provision shall be applied from the Delivery Prospectus of the Securities Registration Statement newly submitted on or after the effective date.

#### Supplementary Provisions

1. This amendment shall come into effect on February 1, 2012 and shall apply to those whose Securities Registration Statement is newly submitted on or after the effective date.
2. Notwithstanding the foregoing Paragraph 1., Full Members shall not be precluded from operating based on the provisions after the amendment before the date of such application.

#### Supplementary Provisions

1. This amendment shall come into effect on June 1, 2012 and shall apply to those whose Securities Registration Statement is newly submitted on or after the effective date.
2. When a Securities Registration Statement is newly submitted after the effective date for currency selection type of investment trusts already actually existing on the effective date that use the terms “stability” or “stable,” the provisions of Article 7, Item 5 after amendment shall not apply to the following <Note examples>.

<Note examples>

The policy is that “In principle, stable distribution shall be done mainly for profits such as interest and dividends,” but this does not suggest that profits from investment will be stable or that the base value will change stably. In addition, it should be noted that stable distribution may not be realized depending on the base value standard, management status, etc.

3. Notwithstanding the foregoing Paragraph 1. and 2., Full Members shall not be precluded from operating under the revised provisions until such effective date.

#### Supplementary Provisions

1. This amendment shall come into effect on February 21, 2013 and shall apply to any new Securities Registration Statement submitted on or after the effective date.
2. Notwithstanding the foregoing Paragraph 1., Full Members shall not be precluded from operating based on the provisions after the amendment before the date of such application.

#### Supplementary Provisions

1. This amendment shall come into effect on December 1, 2014 and shall apply to those whose Securities Registration Statement is newly submitted on or after the effective date, and those whose Securities Registration Statement is submitted before the effective date shall be according to former precedent.
2. In the Supplementary Provisions of the Financial Instruments Act (Article 38 of the Act. No. 45 of 2013 [Review]) the “government shall review the provisions of each law after its revision (hereinafter in this article referred to as “Each Revised Law”) in principle five years from the effective date, and take measures as deemed necessary based on the results thereof in consideration of the state of enforcement of each revised law.”

\* The amended Articles are as follows:

- (1) Articles 3-2 and 3-3 are newly established.
- (2) Article 5 is amended.
- (3) The introductory clause of Article 6, (1) (Points to consider in writing) 9, (2)-(a) Table, and (Points to consider in writing) the former 2, 4, and 5 are amended. The former 2 through 7 are each deferred. 2 is newly established.
- (4) The table in Article 6 (2)-(a) is amended.

#### Supplementary Provision

This amendment shall come into effect on December 1, 2014.

\* The amended Articles are as follows:

Article 6-2 has been newly established.

## Rules on Display of Advertising, etc. and Provision of Gifts

Established on June 20, 1969  
Revised on June 16, 1995  
Revised on October 18, 1995  
Revised on February 19, 1999  
Revised on December 15, 2000  
Revised on April 28, 2004  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on March 19, 2009  
Revised on February 17, 2011  
Revised on December 20, 2012

### Article 1. Purpose

The purpose of these Rules is to promote the appropriate display of advertising and provision of gifts by setting forth the display, methods, and matters to be observed with regard to the display of advertisements, etc. and the provision of gifts relating to investment trusts and investment corporations (hereinafter referred to as “Investment Trusts, etc.”) managed by Full Members (meaning full members as set forth in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter ) and thereby contribute to the protection of investors.

### Article 2. Definition

In these Rules, the definitions of the terms set forth in the following items shall be as prescribed respectively in those items.

#### (1) Display of Advertising, etc.

Display which is conducted based on advertising as it is prescribed in Article 37 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the “FIEA”) and action as it is prescribed in Article 72 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007 ) (hereinafter referred to as “Advertising, etc.”), regarding the content of business such as an investment management (limited to the business listed in Article 2, Paragraph 8, Item 12 (a) and Item 14 of the FIEA), trading of beneficiary certificates (meaning beneficiary certificates, investment securities, or investment corporation bond certificates) and other transactions, etc. conducted by the Full Members.

#### (2) Gifts

Economic gain as defined in Paragraph 1 of the Fair Trade Commission Notice No. 3 of 1962, “Designation of Premiums and Display in Accordance with Article 2 of the Act against Unjustifiable Premiums and Misleading Representations.”

### Article 3. Basic Principles

1. When a Full Member(s) conducts any display of Advertising, etc., the Full Member must comply with the

fair and equitable principles of transactions in accordance with the attitude for protection of investors and endeavor to maintain dignity as well as to provide accurate information and to display clearly and accurately.

2. When a Full Member(s) provides Gifts, the Full Member must comply with the fair and equitable principles of transactions, endeavor to maintain dignity, and provide Gifts in an appropriate manner.

#### Article 4. Prohibited Acts

1. A Full Member shall not display Advertising, etc. that comes under or is likely to come under any one of the following items:
  - (1) That which is contrary to business ethics or the fair and equitable principles of transactions
  - (2) That which causes a Full Member to lose its dignity
  - (3) Advertising, etc. displayed in a way that violates the FIEA, the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), other law and regulations, or the basic terms and conditions of the trust
  - (4) Advertisement etc. with display that indicates evasion of law
  - (5) That which interferes with fair competition among Full Members
  - (6) That which is arbitrary or excessively subjective
  - (7) That which judgment, evaluation, etc. is to be made, but the basis for such judgment, evaluation, etc. is not specified
  - (8) That which is misleading to imply that the principal and yield are guaranteed
  - (9) That which may lead to a misunderstanding of the content of the business of an investment trust management company (including a trust company, etc., which is a trustee company of an investment trust managed without instructions from a settlor), trustee, asset custodian company, or sales company (meaning a party that has been registered as a Type I Financial Instruments Business under the provisions of Article 29 of the FIEA, or a financial institution that has been registered under the provision of Article 33-2 of the same Act)
  - (10) That which provides a conclusive judgment on future investment performance
  - (11) Other matters which may affect an investor's judgment on sound investment
2. When providing Gifts to customers, a Full Member shall not provide Gifts in a way that violates or is likely to violate the Act against Unjustifiable Premiums and Misleading Representations or any other laws and regulations.
3. A Full Member shall not have any third party directly or indirectly conduct the display of Advertising, etc. in violation of the provision in Paragraph 1 or provide any Gifts in violation of the provision of the preceding paragraph.

#### Article 5. Internal Inspection of Full Members

When displaying Advertising, etc. or providing Gifts, a Full Member must appoint a person in charge of screening the display of Advertising, etc. and the provision of Gifts (hereinafter referred to as "Person in charge of screening advertisements"). The Person in charge of screening advertisements must inspect whether or not there have been any violations of the provisions in the preceding article.



However, this shall not apply to any display of Advertising, etc. for professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding persons deemed to be customers other than professional investors pursuant to the provisions of Article 34-2, Paragraph 5 of the same act but including persons deemed to be professional investors under the provisions of Article 34-3, Paragraph 4 of the same act (including cases where applied mutatis mutandis pursuant to Article 34-4 Paragraph 6))).

#### Article 6. Establishment of Internal Control Systems

Full Members shall establish internal rules concerning the inspection system, inspection standards, the custody system for the display of Advertising, etc. and the provision of Gifts, and shall make officers and employees observe such rules, in order to ensure proper display of Advertising, etc. and provision of Gifts.

#### Article 7. Investigation of Violations

1. When the Association deems that the display of Advertising, etc. or the provision of Gifts made by a Full Member or its employees is or is likely to be in violation of the provisions of Article 3 or Article 4, the Association may request the Full Member to submit materials and may conduct a hearing into the circumstances.
2. Full Members shall comply with any requests for submission of materials or hearings provided in the preceding paragraph.

#### Article 8. Guidelines for Advertising, etc.

In addition to the matters set forth in these Rules, required matters related to the display of Advertising, etc., by Full Members shall be set forth in the “Guidelines for Advertising, etc.”

#### Article 9. Others

Any matters regarding the display of Advertising, etc. or the provision of Gifts not stipulated in these Rules shall be decided by a resolution of the Board of Directors.

#### Article 10. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend the Guidelines for Advertising, etc.
2. The Self-Regulation Committee shall promptly report to the Board of Directors any decisions made (limited to those deemed necessary by the Board of Directors) concerning any delegated matters.

Supplementary Provisions

1. These Standards for Advertising and Publicity shall come into effect on July 1, 1969.
2. The Board of Directors' decision of November 30, 1960, "The Association's Self-Regulating Standards for Advertising Based on Notices and Directives for Prospectuses," is repealed.

Supplementary Provisions

1. This amendment shall come into effect on June 16, 1995.
2. Any amendment other than the 10 post-amendment provisions shall come into effect on October 1, 1995.

Supplementary Provisions

1. This amendment shall come into effect on October 18, 1995.
2. Deleted

Supplementary Provision

This amendment shall come into effect on February 19, 1999.

Supplementary Provision

This amendment shall come into effect on December 15, 2000.

Supplementary Provision

This amendment shall come into effect on May 1, 2004.

Supplementary Provisions

1. This amendment shall come into effect on September 30, 2007.
2. The supplementary provisions 2 in connection with the amendment dated October 18, 1995, are repealed as of September 30, 2007.

Supplementary Provisions

This amendment shall come into effect from the date of approval on the amendment of the Operational Rules by the competent government agency (March 31, 2008).

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on April 1, 2011.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

# Rules on Entrustment of Business, etc. for Resolution of Complaints and Disputes

Established on March 16, 2001  
Revised on April 18, 2003  
Revised on December 19, 2003  
Revised on March 19, 2004  
Revised on April 15, 2005  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on October 15, 2009  
Revised on December 16, 2010  
Revised on December 20, 2012  
Revised on April 18, 2019  
Revised on May 20, 2021  
Revised on June 10, 2021

## Article 1. Purpose

The purpose of these Rules is, by prescribing necessary matters for responding to complaints from investors and requests for settlement of disputes concerning the Financial Instruments Business pertaining to the investment trust and the investment corporation (hereinafter referred to as “Investment Trust, etc.”) of the Financial Instruments Intermediary Service Provider (meaning the Financial Instruments Intermediary Service Provider set forth in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) and Full Members (meaning Full Members as defined in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) under the provisions of Article 4, Paragraph 1, Items 4 and 5 of the Articles of Incorporation, to secure the confidence of investors and thereby contribute to the sound development of the Investment Trust, etc. and protection of investors by promoting prompt and transparent responses from a fair and neutral standpoint.

## Article 2. Definition

1. The term “Complaint” as used in these rules means investors expressing dissatisfaction such as making a request that Full Member of The Investment Trusts Association, Japan (hereinafter referred to as the “Association”) or a Financial Instruments Intermediary Service Provider (hereinafter referred to as “Full Members, etc.”) take action based on their responsibility or obligation.
2. The term “Dispute” as used in these Rules means any complaint provided in the preceding paragraph which cannot be settled between the parties.

## Article 3. Entrustment of Business

1. Based on Article 12, Paragraph 2 and Article 13, Paragraph 2 of the Operational Rules, the Association shall entrust the services set forth in the following items to the Non-Profit Organization, Financial Instruments Mediation Assistance Center (hereinafter referred to as the “Center”).
  - (1) To settle complaints from investors concerning the business of Financial Instruments Business, etc.

pertaining to Investment Trusts, etc. conducted by Full Members, etc.

- (2) When there is any dispute concerning the business of Financial Instruments Business, etc. pertaining to Investment Trusts, etc. conducted by Full Members, etc., mediation shall be conducted to resolve such dispute.
2. The scope of business entrustment for complaint resolution or mediation, the method of bearing expenses, and other necessary matters concerning business entrustment in the preceding paragraph shall be determined in accordance with an agreement between the Association and the Center.
3. Incidental to the implementation of the business in Paragraph 1 above, the Association may have the Center provide investors with consultation services on investment trusts, etc.
4. In addition to what is provided for in these Rules, matters necessary for complaint resolution and mediation services to be entrusted to the Center shall be as provided for in the Rules of the Center.

#### Article 4. Participation of the Association

Notwithstanding the provisions of the preceding article, the Association may, if it deems it necessary, participate in the services set forth in Paragraph 1, Item 1 of the preceding article in the manner prescribed in the Rules of the Center.

#### Article 5. Responsibilities of Full Members, etc.

1. Upon receipt of notification from the Center, Full Members, etc., shall promptly contact the person who has filed the complaint and shall respond in good faith to this and endeavor to resolve such complaint.  
In the event that the Association is involved pursuant to the provision of Article 4, the same shall apply to any notice from the Association.
2. Full Members, etc., must cooperate in good faith in the business of the Center and the Association in order to promote the resolution of complaints or disputes from investors.
3. Full Members, etc. shall cooperate with the Center in settlement of any complaint from the investor if requested by the Center to explain the circumstances, express an opinion, reply to the investor, directly negotiate with the investor, report the result of the response, etc. in accordance with the Rules of the Center.
4. Full Members, etc., shall take complaints seriously, identify the reason for the occurrence, etc., and endeavor to prevent any recurrence by taking corrective measures, etc.

#### Article 6. Participation in Mediation Proceedings, etc.

1. In the event that an investor of Full Members, etc. files a request for mediation with the Center under an agreement, Full Members, etc., who are the counterparty to such dispute shall accept the Center's mediation for such dispute, participate in such mediation proceedings, and shall also bear the obligations set forth in the following items:
  - (1) To submit a written answer with the Center in accordance with the Rules of the Center.
  - (2) To give explanations in person or in writing or submit materials at the request of the Center in accordance with the Rules of the Center. (Excluding cases where the Full Members, etc., have a justifiable reason not to do so.)

- (3) To pay the user fee per mediation holding day in accordance with the Rules of the Center.
2. In the event that Full Members, etc., file an application for mediation with the Center against an investor as the other party with regard to a dispute concerning the Financial Instruments Business, etc. pertaining to an Investment Trust, etc., that are conducted by Full Members, etc., such Full Members, etc., shall pay the mediation application fee.

#### Article 7. Measures in the Case of Recommendation for Mediation Proposals

If a mediator of the Center prepares a mediation proposal in accordance with the Rules of the Center, presents it to both parties, and recommends their acceptance thereof, the Full Members, etc. shall comply with the provisions of the Rules of the Center.

#### Article 8. Dissemination

1. The Association and the Full Members, etc., shall endeavor to raise awareness of the services of the Center.
2. When the Association receives a report from the Center on the status of consultation, complaint resolution, or mediation conducted by the Center, the Association shall inform the Full Member of a summary of the matters, except for matters related to the secrecy of the parties concerned.
3. The Association shall keep Full Members, etc., informed of a summary of the status of consultations and settlement of complaints made by the Association in connection with the provision of Article 4, except for matters related to the secrecy of the parties concerned, and shall also make such information public on a regular basis.

#### Article 9. Notification of Contact Point

1. Full Members, etc. shall notify the name of the department serving as the contact point for handling complaints and its telephone number (hereinafter referred to as the "Contact Point") via "Electronic Notification and Storage System for Notifications from Association Members" (hereinafter referred to as the "The Investment Trusts Association's Notification Management System") using Attached Form 1.
2. When there has been any change in the Contact Point as set forth in the preceding paragraph, such change shall be notified using Attached Form 2 through via the Notification Management System of Investment Trusts Association.

#### Article 10. Reports on Compliance with Rules by Full Members, etc.

1. The Association may receive reports from the Center on the status of compliance by Full Members, etc., with the laws regarding the services set forth in Article 3, Paragraph 1, and the Rules of the Center.
2. Upon receipt of the report set forth in the preceding paragraph from the Center, the Association shall take necessary measures based on the Rules regarding the operation of the Disciplinary Committee and the disposition of members.

#### Article 11. Others

Any matters not provided for in these Rules on Entrustment of Business, etc., for Resolution of Complaints and

Disputes may be decided by resolution of the Board of Directors.

Supplementary Provisions

1. These Rules shall come into effect on March 16, 2001.
2. From the date above, the resolution of the Board of Directors of November 27, 1998, entitled “Approach to Handling Complaints,” is abolished.

Supplementary Provision

This amendment shall come into effect on April 18, 2003.

However, the amended provisions of Article 12 through Article 16 shall come into effect from the date of the conclusion of the agreement with the bar association.

Supplementary Provision

The amended provisions of Article 15 and Article 15-2 shall come into effect from the date of conclusion of the agreement with the bar association.

\* The date of agreement with the bar association is March 1, 2004.

Supplementary Provision

This amendment shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on April 15, 2005.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on March 21, 2008.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provisions

1. This amendment shall come into effect from a date to be determined separately by the Association (hereinafter referred to as the “Effective Date”).
2. By-laws on Rules for Resolution of Complaints, etc. (Established April 18, 2003) shall be abolished as of the Effective Date with the revision of these Rules.
3. Notwithstanding the provisions of the preceding two paragraphs, the provisions prior to amendment and abolishment shall remain in effect with respect to mediation requested by the Association on the day before the Effective Date and for which services have been entrusted to the Arbitration Center provided in Article 12 prior to amendment until all cases regarding such mediation are completed. The same shall apply to any complaints which have been made to the Association on the day before the Effective Date.

\* The Effective Date shall be the date of commencement of operations of the Non-Profit Organization, Financial Instruments Mediation Assistance Center (February 1, 2010).

#### Supplementary Provision

This amendment shall come into effect on the date to be determined separately by the Association (scheduled to be April 1, 2011).

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

#### Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended Articles are as follows:

- Article 9, Paragraph 1 and Paragraph 2
- Attached Form 1 and Attached Form 2 specified in the respective paragraphs of the same Article.

#### Supplementary Provision

This amendment shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

\* The amended Articles are as follows:

- Amendment of Article 3 and Article 5 through Article 10 in connection with the amendment of Article 1 and Article 2
- Article 9, Paragraph 1 and Paragraph 2



Attached Form 1

Application Date	MM/DD/YYYY
------------------	------------

To: Chairperson of the Investment Trusts Association, Japan

Trade Name or Name	
Representative	

### Notification Form for Contact Point for Handling Complaints

We hereby notify the Contact Point for Handling Complaints pursuant to the provisions of Article 9, Paragraph 1 of the “Rules on Entrustment of Business, etc., for Resolution of Complaints and Disputes.”

Complaint Handling Department	
Telephone Number	

Attached Form 2

Application Date	MM/DD/YYYY
------------------	------------

To: Chairperson of the Investment Trusts Association, Japan

Trade Name or Name	
Representative	

### Notification Form for Change of Contact Point for Complaints

We hereby notify the change of Contact Point for Handling Complaints pursuant to the provisions of Article 9, Paragraph 2 of the Rules on Entrustment of Business, etc., for Resolution of Complaints and Disputes.

	After Change	Before Change
Complaint Handling Department		
Telephone Number		

Date of Change	MM/DD/YYYY
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# Rules for Reporting on Investment Trusts and Investment Corporations

Established on March 19, 2004  
Revised on July 16, 2004  
Revised on September 21, 2007  
Revised on May 16, 2008  
Revised on September 19, 2008  
Revised on May 24, 2012  
Revised on December 20, 2012  
Revised on November 15, 2018  
Revised on April 17, 2020

## Article 1. Purpose

The purpose of these Rules is to set forth the date of submission, reports, data, and other reported matters to be submitted to the Association concerning assets and other matters of the investment trusts which investment trust management companies as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (hereinafter referred to as “Management Companies”) and asset management companies as defined in Paragraph 21 of the same Article (hereinafter referred to as “Asset Management Companies” ), and trust companies, etc. that act as trustee companies for investment trusts managed without instructions from the settlor as defined in Article 47, Paragraph 1 of the same Act (hereinafter referred to as “Trust Companies, etc.”) give management instructions for or manage and investment corporations for which management is outsourced (hereinafter referred to as “Investment Trusts, etc.”).

## Article 2. Periodic Report of Investment Trusts, etc.

1. The Management Companies and the Trust Companies, etc. shall prepare the following reports and data (hereinafter referred to as “Reports, etc.”) on investment trusts, etc. (excluding investment trusts and investment corporations prescribed in Article 3, Paragraph 1 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations (hereinafter referred to as “REIT, etc.”)) as of the end of each month and submit this to the Association.

- (1) Table showing change in assets
- (2) Table showing principal
- (3) Table showing income distribution and trust fees
- (4) List of funds
- (5) Table showing management status
  - (a) Summary table
  - (b) Surplus funds schedule
  - (c) Schedule of other securities (by type)
  - (d) Schedule of incorporation of domestic investment trusts and REITs listed on domestic stock exchanges
  - (e) Schedule of assets denominated in foreign currencies (by type)
  - (f) Schedule of assets denominated in foreign currencies (by currency)
  - (g) Statement of other securities (by foreign currency denomination type)

- (6) Table showing the purchase and sale of stocks (domestic)
  - (7) Table showing the purchase and sale of stocks (by currency)
  - (8) Table showing the purchase and sale of public and corporate bonds (domestic)
  - (9) Table showing the purchase and sale of public and corporate bonds (foreign)
  - (10) Table showing the purchase and sale of convertible corporate bonds with stock acquisition rights (domestic)
  - (11) Schedule by industry
  - (12) Fund summary
  - (13) Schedule of the balance of public and corporate bonds by type
  - (14) Table showing option trading (domestic)
  - (15) Table showing option trading (foreign)
  - (16) Table showing futures transactions (domestic)
  - (17) Table showing futures transactions (foreign)
  - (18) Establishment amount and cancellation amount (during the month) by business category and total of net assets (at the end of the month)
  - (19) Report on public offering for beneficiary certificates (closed-end stocks and investments and long-term public and corporate bond investment trusts)
  - (20) Settlement and redemption funds
  - (21) Mother fund information
  - (22) Sales company and commission
  - (23) Other Reports, etc. set forth in the By-laws
2. The format of the Reports, etc., prescribed in each item of the preceding paragraph, and the date of submission to the Association shall be set forth in the By-laws.

\* Article 2 of the By-laws

#### Article 2-2. Report on the URL, etc., of the Delivery Prospectus

The Management Companies and the Trust Companies, etc., shall report to the Association the URL of the Delivery Prospectus posted on its website or the PDF data of the Delivery Prospectus and other necessary matters concerning the investment trust. The subject of the report, the matters to be reported, and the date of submission shall be set forth in the By-laws.

\* By-laws Article 2-2

#### Article 3. Periodic Reporting of REIT, etc.

1. The Asset Management Companies shall prepare and submit to the Association the following Reports, etc. on REIT, etc. The end-of-month information set forth in Item 2 shall be prepared as of the end of each month, and the settlement and financial status set forth in Item 3 (the status of individual incorporated real estate set forth in Item 3-c shall be limited to the status of holding at the end of the settlement period) shall be prepared as of the end of the settlement period.
  - (1) Information specific to REIT
  - (2) Information on REITs at the end of the month

- (a) Change in assets
  - (b) Status of public offering and secondary distribution, etc.
  - (c) Status of all incorporated real estate (holding status)
  - (d) Status of purchase and sale of assets
- (3) Settlement and financial status of REITs
- (a) Financial status
  - (b) Information on the composition of managed assets
  - (c) Individual status of incorporated real estate (acquisition, sale and holding status at the end of the settlement period)
2. The format of the Reports, etc., prescribed in the preceding paragraph and the date of submission to the Association shall be set forth in the By-laws.

\* Article 3 of the By-laws

#### Article 4. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Article 5. Others

Any matters regarding the reports for Investment Trusts, etc., not stipulated for in these Rules may be decided by a resolution of the Board of Directors.

#### Article 6. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors.)

#### Supplementary Provision

These Rules shall come into effect on April 1, 2004.

#### Supplementary Provision

This amendment shall come into effect on April 1, 2004.

#### Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on a date to be determined separately by the Board of Directors (February 18, 2010).

(The date of implementation was decided at the Board of Directors held on February 18, 2010.)

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

These amendments shall be effective as of May 24, 2012.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on November 15, 2018.

\* The amended Articles are as follows:

Article 2, Paragraph 1, Items 13, 20 and 21 are deleted. Numbering reorganized accordingly.

Supplementary Provision

This amendment shall come into effect on April 17, 2020.

\* The amended Articles are as follows:

Article 1, Article 2, Paragraph 1, Item 2-2

## By-Laws on Rules for Reporting on Investment Trusts and Investment Corporations

Established on March 19, 2004  
 Revised on July 16, 2004  
 Revised on May 19, 2005  
 Revised on January 19, 2007  
 Revised on May 16, 2008  
 Revised on September 19, 2008  
 Revised on March 19, 2009  
 Revised on May 24, 2012  
 Revised on December 20, 2012  
 Revised on November 15, 2018  
 Revised on April 18, 2019  
 Revised on July 18, 2019

### Article 1. Purpose

The By-laws set forth necessary provisions for implementing the Rules for Reporting on Investment Trusts and Investment Corporations (hereinafter referred to as the “Rules”).

### Article 2. Form, etc. of Reports, etc. for Investment Trust, etc.

The form and the submission date of Reports, etc. for Investment Trusts, etc. prescribed in Article 2, Paragraph 2 of the Rules, shall be the form and submission date set forth below:

Name of Reports, etc.	Report Form	Date of Submission
1. Table showing change in assets	Attached Table 1	In principle, the 4th business day of the following month.
2. Table showing principal	Attached Table 2	Same as above
3. Table showing income distribution and trust fees	Attached Table 3	Same as above
4. List of funds	Attached Table 4	Same as above
5. Table showing management status		
(a) Summary Table	Attached Table 5	Same as above
(b) Surplus funds schedule	Attached Table 6	Same as above
(c) Statement of other securities (by type)	Attached Table 7	Same as above
(d) Schedule of incorporation of domestic investment trusts and REITs listed on domestic stock exchanges	Attached Table 8	In principle, the 6th business day of the following month.
(e) Schedule of assets denominated in foreign currencies (by type)	Attached Table 9	In principle, the 4th business day of the following month.
(f) Schedule of assets denominated in foreign currencies (by currency)	Attached Table 10	Same as above
(g) Statement of other securities (by foreign currency denomination type)	Attached Table 11	Same as above
6. Table showing the purchase and sale of stocks (domestic)	Attached Table 12	Same as above
7. Table showing the purchase and sale of stocks (by currency)	Attached Table 13	Same as above
8. Table showing the purchase and sale of public and corporate bonds (domestic)	Attached Table 14	Same as above
9. Table showing the purchase and sale of public and corporate bonds (foreign)	Attached Table 15	Same as above

10. Table showing the purchase and sale of convertible corporate bonds with stock acquisition rights (domestic)	Attached Table 16	Same as above
11. Schedule by industry	Attached Table 17	Same as above
12. Fund Summary	Attached Table 18	When a trust is established, changed, and re-divided (or merged)
13. Schedule of the balance of public and corporate bonds by type	Attached Table 19	In principle, the 4th business day of the following month.
14. Table showing option trading (domestic)	Attached Table 20	Same as above
15. Table showing option trading (foreign)	Attached Table 20	Same as above
16. Table showing futures transactions (domestic)	Attached Table 21	Same as above
17. Table showing futures transactions (foreign)	Attached Table 21	Same as above
18. Establishment amount and cancellation amount (during the month) by business category and total of net assets (at the end of the month)	Attached Table 22	Same as above
19. Report on public offering for beneficiary certificates (closed-end stocks and investments and long-term public and corporate bond investment trusts)	Attached Table 23	The 15th business day of the following month
20. Settlement and redemption funds	Attached Table 24	In principle, the 15th business day of every month
21. Mother fund information	Attached Table 25	In principle, the 4th business day of the following month.
22. Sales company and commission	Attached Table 26	When a trust is established or changed

Article 2-2. Subject, etc., of the Report on the URL, etc. of the Delivery Prospectus

The report subject, reported matters, and the submission date set forth in the By-laws as provided in the Article 2-2 of the Rules shall be as follows:

Report subject	Reported matters	Date of Submission
<p>The report subject shall be the Delivery Prospectus for publicly offered investment trusts (open type). However, the following investment trusts may be excluded from the report. In the event that a report is not to be made, the name of such investment trust, the Association Fund Code, and the applicable reason (any of (a) through (d) below) shall be reported to the Association by e-mail.</p> <p>(a) Investment trusts which can be purchased only through salary deduction</p> <p>(b) Investment trusts exclusively for Defined Contribution Pension</p> <p>(c) Asset-building payment type investment trusts</p> <p>(d) Investment trusts, etc. exclusively for wrap and SMA for the purpose of providing comprehensive asset management and management services based on a discretionary investment contract between an investor and a sales company</p>	<p>1. URL of Delivery Prospectus</p> <p>2. Does the URL has an expiration date (yes/no)</p> <p>3. If “yes” in 2 above, the expiration date</p> <p>Or</p> <p>1. PDF data of the Delivery Prospectus</p> <p>2. Expiration date of 1 above</p>	<p>1. When establishing a new trust</p> <p>Until the commencement date of the initial offering</p> <p>However, in the case of self-establishment, until the date of self-establishment</p> <p>2. At the time of revision of the Delivery Prospectus</p> <p>Until the expiration date of the effective period of the pre-revision Delivery Prospectus</p>



Article 3. Form, etc. of Reports, etc. for REIT, etc.

The form and the submission date of Reports, etc. for REIT, etc. prescribed in Article 3, Paragraph 2 of the Rules, shall be the form and submission date set forth below:

Name of Reports, etc.	Report Form	Date of Submission
1. Information specific to REIT	Attached Table 29	In case of new registration, before the start of the offering and each time the registered information is changed
2. Information on REITs at the end of the month		
(a) Change in assets	Attached Table 30	From the 20th business day to the end of the following month
(b) Status of public offering and secondary distribution, etc.	Attached Table 31	From the 20th business day to the end of the month following the month in which the offering, etc. is made
(c) Status of all incorporated real estate (holding status)	Attached Table 32	From the 20th business day to the end of the following month
(d) Status of purchase and sale of assets	Attached Table 33	Same as above
3. Settlement and Financial Status of REITs		
(a) Financial status	Attached Table 34	Within 3 months from the last day of the month in which the settlement date falls
(b) Information on the composition of managed assets	Attached Table 35	Same as above
(c) Individual status of incorporated real estate (acquisition, sale and holding status at the end of the settlement period)	Attached Table 36	For acquisition or sale, each time it occurs For holding status at the end of the settlement period, within 3 months from the last day of the month in which the settlement date falls

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on May 19, 2005.

#### Supplementary Provision

This amendment shall come into effect on January 19, 2007.

#### Supplementary Provisions

This amendment shall come into effect on the dates set out below.

1. The revision of the report form (revision of the form of the report concerning the incorporation of foreign real estate only) of the attached table concerning the “status of all incorporated real estate (holding status),” the “purchase and sale of assets,” and the “individual status of incorporated real estate” of REIT, etc., shall be implemented from May 16, 2008, and applied from the report of June 2008.

However, if foreign real estate has not been incorporated, the pre-revision report form may be used from the effective date until a date fixed by the Board of Directors.

2. Any amendments other than those provided in 1 above shall come into effect on a date\* to be determined separately by the Board of Directors.

#### Supplementary Provisions

1. This amendment shall come into effect from a date\* separately determined by the Board of Directors.

However, any amendments to “26 Advance offering report” and “27 Advance offering plan” in the table in Article 2 and Article 3 (the contents of the advance offering plan) shall come into effect from October 1, 2008.

2. In Attached Table 26-2, Attached Table 26-3, Attached Table 27-2 and Attached Table 27-3 in the pre-revision report form prior to the partial revision of the “By-laws on Rules for Periodic Reporting of Investment Trusts and Investment Corporations” (Board of Directors resolution on May 16, 2008), the term “member certificate” shall be replaced with “Supporting Member” and the term “member sales company” shall be replaced with “Supporting Member sales company.” This amendment shall come into effect from October 1, 2008, and it will apply from the report for the end of October 2008.

#### Supplementary Provision

This amendment shall come into effect on March 19, 2009.

\* (Resolution of the Board of Directors of February 18, 2010)

1. Effective date of the revised rules, etc.

The effective date will be “February 18, 2010.”

Article 2 (Form, etc. of Reports, etc. for Investment Trust, etc.) of the By-laws after amendment shall apply from the report for February 2010, and Article 3 (Form, etc. of Reports, etc. for REIT, etc.) of the By-laws shall apply from the report for January 2010.

However, the reports by Attached Table 18 (Fund Summary) and Attached Table 28 (Sales Company and Commission) set forth in Article 2 of the By-laws after amendment shall apply to funds, etc., established or changed after the effective date.

2. Measures for parallel operation

In order to implement parallel operation of the new and old systems, reports based on Article 2 of the By-laws prior to revision (excluding reports set forth in No. 5, 6, and 7 (b), 16, 26, and 27 in the table of Article 2 of the By-laws) are requested from the effective date of the revised rules, etc. until March 31, 2010. However, reports on investment trusts to be newly established by the end of February 2010 in pre-revision Attached Table 19 (Fund Summary) shall be made by February 26, 2010.

#### Supplementary Provision

These amendments shall be effective as of May 24, 2012.

#### Supplementary Provision

This amendment shall come into effect on January 4, 2013.

#### Supplementary Provision

This amendment shall come into effect on November 15, 2018.

However, the revision of the profit distribution amount provided in Attached Table 1 and Attached Table 3 as set forth in Article 2 shall come into effect from February 28, 2019, and shall be applied from the report of March 2019.

\* The amended Articles are as follows:

- Points to consider in Attached Table 1 and items and points to consider in Attached Table 3 shall be revised.
- Items in Attached Table 5 to Attached Table 7, Attached Table 9, Attached Table 11, Attached Table 14, Attached Table 15, and Attached Table 22 after amendment shall be revised.
- Pre-revision “Attached Table 19, Attached Table 24-1, and Attached Table 24-2” shall be deleted, and deviation in table numbers shall be corrected

#### Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

#### Supplementary Provisions

1. This amendment shall come into effect from December 23, 2019, and will apply to any new investment trusts established after the effective date.
2. This amendment shall apply from January 31, 2020, for investment trusts established prior to the effective date of this amendment (other than redeemed investment trusts). Full Members shall not be precluded from operating based on the provisions after the amendment until the date of such application.

\* The amended Articles are as follows:

- 45-50 added to Attached Table 18 “Fund Summary Items.” 2. “Matters to be reported regarding privately placed investment trusts” has been newly added to the section “Points to consider in reporting,” and subsequent items have been arranged accordingly.

Table Showing Change in Assets

(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item Type and Name of Trust Property	Total Net Asset at the End of the Previous Month	Established Amount	Early Cancellation		Redemption Amount	Net Changes in Fund Amount	Income Distribution Amount	Changes in Investment Amount	Net Assets		Balance at the End of the Month	
			Cancellation Amount	Ratio					Changes in Amount	Percentage	Number of Funds	Total Net Assets
Total Amount (I + II)												
[Stock Investment Trust]												
Unit Type Total												
- Breakdown of Unit Type												
Open Type Total												
- Breakdown of Open Type												
I. Total Stock Investment Trusts												
[Public and Corporate Bond Investment Trust]												
Unit Type Total												
- Breakdown of Unit Type												
Open Type Total												
- Breakdown of Open Type												
II. Total Public and Corporate Bond Investment Trust												
Long-Term Public and Corporate Bond Investment Trust												
⋮												
[Privately Placed Investment Trust]												
Stock Investment Trusts (Private Placement)												
- Breakdown of Stock Investment Trusts												
Public and Corporate Bond Investment Trusts (Private Placement)												
- Breakdown of Bond Investment Trusts												
Total Amount (Private Placement)												

(Points to consider in reporting)

- Investment trusts, etc. are to be reported (excluding mother funds).
- The total amount of net assets at the end of the preceding month, the cancellation rate, net changes in fund amount, income distribution amount, changes in investment amount, changes in net assets amount and percentage and the number of funds shall be calculated on the Association System.

Table Showing Principal

(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item Type and Name of Trust Property	Balance at the End of the Previous Month	Inception	Early Cancellation	Redemption	Balance at the End of the Month	Increase or decrease
Total Amount [Stock Investment Trust]						
Unit Type Total						
Open Type Total						
Total Amount of Stock Investment Trusts						
[Public and Corporate Bond Investment Trust]						
Total Amount of Public and Corporate Bond Investment Trusts						

(Points to consider in reporting)

1. Investment trusts and Investment corporations for publicly offered are to be reported. The investment corporation will report only the balance at the end of the month.
2. The balance at the end of the previous month, changes in the amount shall be calculated on the Association System.

Attached Table 3

### Table Showing Income Distribution Amount and Trust Fees

(End of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item	Income Distribution Amount	Trust Fees
Type and Name of Trust Property		
Total Amount (I + II)		
[Stock Investment Trust]		
Unit Type Total		
Open Type Total		
I. Total Stock Investment Trusts		
[Public and Corporate Bond Investment Trust]		
Long-Term Public and Corporate Bond Investment Trust		
⋮		
⋮		
II. Total Public and Corporate Bond Investment Trust		
[Privately Placed Investment Trust]		
Stock Investment Trusts (Private Placement)		
Public and Corporate Bond Investment Trusts (Private Placement)		
Total Amount (Private Placement)		

(Points to consider in reporting)

1. With respect to investment trusts (excluding mother funds), each amount incurred during the current month (including those recorded as accrued) will be reported. Trust fees will be reported only for publicly offered investment trusts.

## List of Funds

(MM/DD/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

### 1. Unit Type

Name of Trust Property	Trust Period Year/Month	Closed Term Year/Month	Date Established MM/DD/YYYY	Closing Date (MM/DD)	Distribution Period	Initial Established Amount Millions of yen	Remaining Principal		Total Net Assets Millions of yen	Ratio of Incorporation			Beneficiary Certificates Base Value		Total Distribution Amount since Establishment Yen	Beneficiary Yield since Establishment %	Number of Years in Management Year/s
							Amount Millions of yen	Percentage %		Shares %	Public and Corporate Bonds %	Investment Trust Securities %	End of the Month Yen	Month-on-Month Change Yen			

### 2. Open Type

Name of Trust Property	Trust Period Year/Month	Date Established MM/DD/YYYY	Closing Date (MM/DD)	Initial Established Amount Millions of yen	Limit on Trust Money Amount Millions of yen	Remaining Principal Millions of yen	(Trust Money in Average) Trust Money Balance Millions of yen	Total Net Assets Millions of yen	Ratio of Incorporation			Beneficiary Certificates Base Value		Total Distribution Amount for the Past 3 Years Yen	Number of Years in Management Year/s
									Shares %	Public and Corporate Bonds %	Investment Trust Securities %	End of the Month Yen	Month-on-Month Change Yen		

### 3. Public and Corporate Bonds

Name of Trust Property	Trust Period Year/Month	Closed Term Year/Month	Date Established MM/DD/YYYY	Distribution Period	Initial Established Amount Millions of yen	Limit on Trust Money Amount Millions of yen	Remaining Principal Millions of yen	Trust Money Balance Millions of yen	Total Net Assets Millions of yen	Ratio of Incorporation Public and Corporate Bonds %	Beneficiary Certificates Base Value		Fluctuation Rate since Establishment %
											End of the Month Yen	Month-on-Month Change Yen	

### 4. Mother Funds

Name of Trust Property	Trust Period Year/Month	Date Established MM/DD/YYYY	Initial Established Amount Millions of yen	Limit on Trust Money Amount Millions of yen	Remaining Principal Millions of yen	Trust Money Balance Millions of yen	Total Net Assets Millions of yen	Ratio of Incorporation			Beneficiary Certificates Base Value		Investment Yield since Establishment %	Investment Yield for the Past 1 Year %	Investment Yield for the Past 3 Years %
								Shares %	Public and Corporate bonds %	Investment Trust Securities %	End of the Month Yen	Month-on-Month Change Yen			

(Points to consider in reporting)

1. This is a report on publicly offered investment trusts and mother funds.
2. The report on publicly offered investment trusts will cover the balance of trust money (open type only) and the incorporation ratio and those on mother funds will cover the balance of trust money, the incorporation ratio and the total amount of net assets, and other matters shall be calculated on the Association System.
3. The report on the baby fund will cover the ratio for direct incorporation and the substantial incorporation ratio prorated in proportion to the ratio of shareholding in the mother fund will be calculated on the Association System.



Attached Table 5

Table Showing Management Status  
(End of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

1. Summary Table

(Unit: Yen)

Item Type and Name of Trust Property	Assets								Total Liabilities (B)	Loss or gain on valuation of securities (C)	Valuation Gain or Loss on Futures Transactions, etc. (D)	Valuation Loss or Gain on Foreign Exchange (E)	Total Net Assets of Trust Property (F) (A)-(B)+(C)+(D)+(E)	Total Number of Units of Beneficial Interest (G)	Base Value of Beneficiary Certificates [F/G]
	Stock Certificates	Stock Subscription Warrant Certificates	Public and Corporate Bond Certificates	Of which, Convertible Bonds with Stock Acquisition	Investment Trust Beneficiary Certificates	Investment Securities	Other Assets	Total (A)							
Total Amount (I + II)															
[Stock Investment Trust]															
Unit Type Total															
Open Type Total															
I. Total Stock Investment Trusts															
[Public and Corporate Bond Investment Trust]															
Long-Term Public and Corporate Bond Investment Trust															
⋮															
II. Total Public and Corporate Bond Investment Trust															
[Privately Placed Investment Trust]															
Stock Investment Trusts (Private Placement)															
Public and Corporate Bond Investment Trusts (Private Placement)															
Total Amount (Private Placement)															

(Points to consider in reporting)

- Investment trusts (including mother funds) will be reported.
- The total number of units of beneficial interest shall be, in principle, the number of units converted into 10,000 yen per unit (the number of units displaying base value).
- The total amount of assets, the total amount of net assets of trust property, the base value of beneficiary certificates, etc. shall be calculated by the Association System.
- With respect to the baby fund, the amount of assets directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated by the Association System.

Surplus Funds Schedule

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item Type and Name of Trust Property	Deposit		Money Trust	Call Loans	Discounted Bills	Total
		Of which, Certificates				
Total Amount (I + II)						
[Stock Investment Trust]						
Unit Type Total						
Open Type Total						
I. Total Stock Investment Trusts						
[Public and Corporate Bond Investment Trust]						
II. Total Public and Corporate Bond Investment Trust						
Money Reserve Funds						
[Privately Placed Investment Trust]						
Stock Investment Trusts (Private Placement)						
Public and Corporate Bond Investment Trusts (Private Placement)						
Total Amount (Private Placement)						

(Points to consider in reporting)

1. Investment trusts (including mother funds) will be reported.
2. The total is to be calculated on the Association System.
3. With respect to the baby fund, the amount directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Schedule of other securities (by type)

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item	CD		CP		Foreign Loan Trust Beneficiary Securities		Loan Bond Beneficial interests		Total	
Type and Name of Trust Property										
Total Amount (I + II)										
[Stock Investment Trust]										
Unit Type Total										
Open Type Total										
I. Total Stock Investment Trusts										
[Public and Corporate Bond Investment Trust]										
II. Total Public and Corporate Bond Investment Trust										
Money Reserve Funds										
[Privately Placed Investment Trust]										
Stock Investment Trusts (Private Placement)										
Public and Corporate Bond Investment Trusts (Private Placement)										
Total Amount (Private Placement)										

(Points to consider in reporting)

1. Investment trusts (including mother funds) will be reported.
2. The total is to be calculated on the Association System.
3. With respect to the baby fund, the amount directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Attached Table 8

Schedule of incorporation of domestic investment trusts and REITs listed on domestic stock exchanges

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Million Yen)

Item Type and Name of Trust Property	Domestic Investment Trust Securities (Publicly Offered Investment Trust)	Domestic Investment Trust Securities (Privately Placed Investment Trust)	Domestic Listed Real Estate Investment Trust Investment Securities	Total
Total Amount				
Publicly Offered Stock Investment Trust				
Privately Placed Stock Investment Trust				

(Points to consider in reporting)

1. Publicly offered stock investment trusts and privately placed stock investment trusts will be reported.
2. The total is to be calculated on the Association System.

Schedule of Assets Denominated in Foreign Currencies (By Type)

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item Type and Name of Trust Property	Assets									Total Liabilities (B)	Valuation Loss or Gain on Foreign Securities (C)	Valuation Loss or Gain on Foreign Futures Transactions, etc. (D)	Total Amount of Net Assets Denominated in Foreign Currencies (A)-(B)+(D)
	Stock Certificates	Stock Subscription Warrant Certificates	Public and Corporate Bond Certificates	Of which, Convertible Bonds with Stock Acquisition Rights	Investment Trust Beneficiary Certificates	Investment Securities	Deposit	Other Assets	Total (A)				
Total (I + II)													
[Stock Investment Trust]													
Unit Type Total													
Open Type Total													
I. Total Stock Investment Trusts													
[Public and Corporate Bond Investment Trust]													
Long-Term Public and Corporate Bond Investment Trust													
II. Total Public and Corporate Bond Investment Trust													
[Privately Placed Investment Trust]													
Stock Investment Trusts (Private Placement)													
Public and Corporate Bond Investment Trusts (Private Placement)													
Total Amount (Private Placement)													

(Points to consider in reporting)

1. With regard to the publicly offered investment trust and the mother fund, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be reported.
2. The total amount of assets and the total amount of net assets denominated in foreign currencies shall be calculated on the Association System.
3. With respect to the baby fund, the amount directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Schedule of Assets Denominated in Foreign Currencies (By Currency)

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item	Assets									Total Liabilities (B)	Valuation Loss or Gain on Foreign Securities (C)	Valuation Loss or Gain on Foreign Futures Transactions, etc.	Total Amount of Net Assets Denominated in Foreign Currencies (A)-(B)+(D)
	Stock Certificates	Stock Subscription Warrant Certificates	Public and Corporate Bond Certificates	Of which, Convertible Bonds with Stock Acquisition	Investment Trust Beneficiary Certificates	Investment Securities	Deposit	Other Assets	Total (A)				
Type and Name of Trust Property													
[Breakdown by Currency Type]													
Foreign Currency Total													
U.S.A.													
Canada													
Germany													
Netherlands													
France													
Australia													
UK													
Swiss													
Yen													
Italy													
Hong Kong													
Sweden													
Singapore													
Malaysia													
Finland													
Total for Euro Participants													
⋮													
⋮													

(Notes for reporting)

- With regard to the publicly offered investment trust and the mother fund, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be reported.
- For the Euro, a detailed description of each participant country and the total for all participants will be provided.  
For details of Euro (participating countries), only the items of share certificates, stock subscription warrants, public and corporate bond certificates, convertible bonds with stock acquisition rights, beneficiary certificates of investment trusts and investment securities shall be entered.
- The total amount of assets and the total amount of net assets denominated in foreign currencies shall be calculated on the Association System.
- With respect to the baby fund, the amount directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Attached Table 11

Statement of other securities (by foreign currency denomination type)

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item	CD		CP		Foreign Loan Trust Beneficiary Securities		Loan Trust Beneficiary Rights		Total	
Type and Name of Trust Property										
Total Amount (I + II)										
[Stock Investment Trust]										
Unit Type Total										
Open Type Total										
I. Total Stock Investment Trusts										
[Public and Corporate Bond Investment Trust]										
II. Total Public and Corporate Bond Investment Trust										
Money Reserve Funds										

(Points to consider in reporting)

1. With regard to the publicly offered investment trust and the mother fund, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be reported.
2. The total is to be calculated on the Association System.
3. With respect to the baby fund, the amount directly incorporated shall be reported, and the amount of substantial incorporation prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Table Showing the Purchase and Sale of Stocks (Domestic)  
(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Upper Part: Number of Shares)  
(Lower Part: Amount)  
(Unit: Shares, Yen)

Item	Purchased			Sold			Net Buying or Selling (-)	Margin Transaction	
	Market	Non-Market	Total	Market	Non-Market	Total		Sold	Repurchase
Type of Trust Property									
[Publicly Offered Investment Trust]									
Unit Type Total									
Open Type Total									
Total Amount of Stock Investment Trusts									
[Privately Placed Investment Trust]									
Unit Type Total									
Open Type Total									
Total Amount of Stock Investment Trusts									

(Points to consider in reporting)

1. Stock investment trusts (including mother funds) will be reported.
2. The contract amount shall be stated on the basis of the contract date.
3. For right bidding, "face value + premium" will be added to the purchase price.
4. Purchase amount, sales amount and net buying or selling shall be calculated on the Association System.
5. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.



## Table Showing the Purchase and Sale of Stocks (By Currency)

(For MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Total Stock Investment Trusts)

(Unit: Shares, Yen)

Currency Type	Purchase		Sale		Net Change (-)		Margin Transaction				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Sold		Repurchase		
							Number of Shares	Amount	Number of Shares	Amount	
Foreign Currency Total											
U.S.A.											
Canada											
Germany											
Netherlands											
France											
Australia											
UK											
Swiss											
Yen											
Italy											
Hong Kong											
Sweden											
Singapore											
Malaysia											
Finland											
Total for Euro Participants											
⋮											
⋮											

(Notes for reporting)

1. Stock investment trusts (including mother funds) will be reported.
2. With regard to contract amounts, on the basis of the contract date, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be entered.
3. For the Euro, a detailed description of each participant country and the total for all participants will be provided.
4. The net changes in number and amount of shares shall be calculated by the Association System.
5. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Table Showing the Purchase and Sale of Public and Corporate Bonds (Domestic)

(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

1. Public and Corporate Bonds Denominated in Japanese Currency

(Unit: Yen)

Item Type and Name of Trust Property	Purchased					Sold	Redemption	Net Change in Amount (-)
	New Bonds			Existing Bonds	Total			
	Publicly Offered Bonds	Non-Publicly Offered Bonds	Sub Total					
Total Amount (I + II)								
[Stock Investment Trust]								
Unit Type Total								
Open Type Total								
I. Total Stock Investment Trusts								
[Public and Corporate Bond Investment Trust]								
II. Total Public and Corporate Bond Investment Trust								
Money Reserve Funds								

(Points to consider in reporting)

1. The publicly offered investment trust and mother fund will be reported.
2. The contract amount shall be stated on the basis of the contract date (including the amount for Gensaki purchase and sale).
3. Publicly offered bonds shall be in general those publicly offered and shall not be limited to those offered by securities companies as underwriters.
4. Privately Placed Municipal Bonds shall be treated as non-publicly offered bonds.
5. Subtotals, totals and net changes in amount will be calculated on the Association system.
6. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Table Showing the Purchase and Sale of Public and Corporate Bonds (Foreign)

(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

2. Public and Corporate Bonds Denominated in Foreign Currencies

(Unit: Yen)

Item	Purchased	Sold	Redemption	Net Change in Amount (-)
Type and Name of Trust Property				
Total Amount (I + II)				
[Stock Investment Trust]				
Unit Type Total				
Open Type Total				
I. Total Stock Investment Trusts				
[Public and Corporate Bond Investment Trust]				
II. Total Public and Corporate Bond Investment Trust				
Money Reserve Funds				

(Points to consider in reporting)

1. The publicly offered investment trust and mother fund will be reported.
2. The contract amount shall be calculated on the basis of the contract date at the exchange rate used for calculating the trust property at the end of the current month (including the amount for Gensaki purchases and sales).
3. The net change in amount will be calculated on the Association system.
4. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Table Showing the Purchase and Sale of Convertible Bonds with Stock Acquisition Rights (Domestic)  
(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Item Type of Trust Property	Purchased	Sold	Redemption	Of which, Convertible	Net Change in Amount (-)
				Portion	
Unit Type Total					
Open Type Total					
Stock Investment Trusts Total					
Public and Corporate Bond Investment Trusts Total					
Total Amount					

(Points to consider in reporting)

1. The publicly offered investment trust and mother fund will be reported.
2. The contract amount shall be stated on the basis of the contract date (including the amount for Gensaki purchase and sale).
3. The net change in amount will be calculated on the Association system.
4. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Attached Table 17

Schedule by Industry

(End of MM/YYYY)

Type of Trust Property ( ) Company name: \_\_\_\_\_ Co., Ltd.

Industry	Item	Number of Shares	Ratio	Current Value	Ratio
		(Shares)	(%)	(Yen)	(%)
Agriculture, Forestry, and Fisheries					
Mining					
Construction					
Food					
Textile Products					
Pulp and Paper					
Chemicals					
Pharmaceuticals					
Oil and Coal Products					
Rubber Products					
Glass and Ceramics					
Steel					
Nonferrous Metal					
Metal Products					
Machinery					
Electrical Equipment					
Transport Equipment					
Precision Equipment					
Other Products					
Electricity and Gas					
Land Transport					
Shipping					
Air Transport					
Warehousing and Transportation					
Communications					
Wholesale Business					
Retail					
Banking					
Securities					
Insurance					
Other Financial Services					
Real Estate					
Service Industry					
Total Domestic Stock					
Total Foreign Stock					
Total					

(Points to consider in reporting)

1. This report is on publicly offered stock investment trusts and mother funds.
2. Each percentage, the total number and percentage of domestic stock, the total number and percentage of foreign stock, and the aggregated number and percentage shall be calculated by the Association System.
3. For the Baby Fund, the Association System shall calculate the incorporated amount in real terms prorated in proportion to the share ratio in the Mother Fund.

Attached Table 18

## Fund Summary Items

Item No.	Name of Item	Item No.	Name of Item
01	Investment Trust Company	26	Trust Fees (Securities)
02	Code	27	Trust Fees (Brokerage)
03	ISIN Code	28	Frequency of Settlement
04	Investment Trusts Association	29	(Annual)
05	Fund Code	30	Trust Period
06	Type Code	31	Distribution Policy
07	Name of Fund	32	Established Amount
08	Fund Nickname	33	Contingency Fee System
09	Own Fund Code	34	Equity Weighting Limit
10	Daily Settlement-type Code	35	Foreign Currency Limit
11	Public offering and private	36	Limit on Trust Money Amount
12	placement category	37	Reinvestment Category
13	Date of Establishment	38	Trust Fee Code
14	(Incorporation)	39	Record Date of Subdivision
15	Unit Principal	40	Subdivision of Shares
16	Minimum Buy-in Category /	41	Consolidation Record Date
17	Unit	42	Consolidation of Shares
18	Maturity Date	43	In-Kind Investment Trust Code
19	Product Classification Code	44	Extended Maturity Flag
20	Statistical Code	45	Advance Redemption Flag
21	Public Offering Start and	46	Attributes of Beneficiary
22	Closing Date	47	Type of Fund
23	Proposed Amount	48	Money Trust
24	Settlement Date	49	Fund of Funds
25	Buying Commission	50	Early Cancellation Period
	Early Cancellation Fee		Early Cancellation Refund Term

(Points to consider in reporting)

1. For publicly offered investment trusts, the matters in 01, 02, 04 to 12, 14 to 21, and 23 to 27 are to be reported no later than the day before the start of the public offering. Other matters (excluding 38 to 41, 43 and 44 to 50) are to be reported no later than the day before the date of the investment trust establishment. However, the report for Exchange Traded Funds (ETF) under 11 is to be made no later than the day following the date of the investment trust establishment.
2. For private placement investment trusts (excluding mother funds), the matters in 01, 02, 04 to 11, 13, 15, 18, 30, 42, and 45 to 50 are to be reported no later than the day before the date of the investment trust establishment.
3. For the Mother Fund, matters in 01, 02, 04 to 11, 13, 15, 18, and 42 are to be reported no later than the day before the date of investment trust establishment.
4. For the Investment Corporation, 01, 02, 04, 05, 09, 10, 13, and 18 are to be reported no later than the day before the date of establishment.
5. When changes have been made to any of the matters reported, the content of such change is to be reported without delay. Any changes to the matters under 13 will be registered for 43 or 44.
6. Matters in 38 to 41 are to be reported no later than the day before the record date of subdivision or consolidation. Furthermore, for consolidations, the outline of the surviving fund is to be reported.
7. Matters in 03, 19 (open type investment trust only), 22, 28, 29, and 31 are to be registered on the Association system.

Schedule of the Balance of Public and Corporate Bonds by Type

(As of the end of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(XX Fund) (Unit: Yen)

National government bond certificates					Municipal bond	Special Bond Certificates		Corporate bond				Other Bonds Denominated in Japanese Currency	Sub Total	Bonds Denominated in Foreign Currencies	Total
Long Term	Mid Term	Short Term	Others	Total		Of which, Financial Bonds	Business Bonds	Convertible Bond Certificates with Stock Acquisition Rights	Corporate Bonds with Stock Options	Total					

(Points to consider in reporting)

1. The publicly offered funds and the mother funds will be reported.
2. The amount converted into Japanese yen for bonds denominated in foreign currencies shall be the amount converted at the exchange rate used for calculation of the trust property at the end of the current month.
3. Business bonds shall include investment corporation bonds.
4. The sub total and total of government and corporate bonds will be calculated on the Association System.
5. For the Baby Fund, the Association System shall calculate the incorporated amount in real terms prorated in proportion to the share ratio in the Mother Fund.

Table Showing Options Trading

(During MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.

(Unit: Yen)

Category		Sold						Purchased					
		Balance at the End of the Previous Month	Sales Amount During the Month	Repurchase Amount During the Month	Exercised Rights During the Month	Rights Termination During the Month	Balance at the End of the Month	Balance at the End of the Previous Month	Purchases Amount During the Month	Sell-Back Amount During the Month	Execution of Rights During the Month	Waiver of Rights During the Month	Balance at the End of the Month
Options for Stocks	Call												
	Put												
Options for Bonds	Call												
	Put												
Other	Interest rate	Call											
		Put											
	Currency	Call											
		Put											
	Others	Call											
		Put											
Total	Call												
	Put												

(Points to consider in reporting)

1. The status of domestic and foreign transactions of the publicly offered funds and mother funds will be reported.
2. With regard to foreign transactions, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be entered.
3. The balance at the end of the month shall be the amount calculated by multiplying the exercise value of the options by the number of options.
4. The balance at the end of the previous month and the total will be calculated on the Association System.
5. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.



Table Showing Futures Transactions

(During MM/YYYY)

Company Name \_\_\_\_\_ Co., Ltd

(Unit: Yen)

Category	Sold				Purchased			
	Balance at the End of the Previous	Sales Amount During the Month	Repurchase Amount During	Balance at the End of the Month	Balance at the End of the Previous	Purchases Amount During the Month	Resale Amount During the Month	Balance at the End of the Month
Futures Transactions for Stock								
Futures Transactions for Bonds								
Other	Interest							
	Currency							
	Others							
Total								

(Points to consider in reporting)

1. The status of domestic and foreign transactions of the publicly offered funds and mother funds will be reported.
2. With regard to foreign transactions, the amount converted at the exchange rate used for calculation of the trust property at the end of the current month shall be entered.
3. The balance at the end of the previous month and the total will be calculated on the Association System.
4. With regard to baby funds, the substantial sales amount prorated in proportion to the ratio of shareholdings in the mother fund shall be calculated on the Association System.

Attached Table 22

Establishment amount and cancellation amount (during the month) by business category and total of net assets (at the end of the month)  
(as of the last day of MM/YYYY)

Company name: \_\_\_\_\_ Co., Ltd.  
(Unit: Yen)

			(1) Stock	(2) Public and	Total (1) + (2)
Securities Company (A)	Establishment Amount	Public Offering			
		Private Placement			
		Total			
	Cancellation Amount (including redemption)	Public Offering			
		Private Placement			
		Total			
Total Net Assets	Public Offering				
	Private Placement				
	Total				
Registered Financial Institution (B)	Establishment Amount	Public Offering			
		Private Placement			
		Total			
	Cancellation Amount (including redemption)	Public Offering			
		Private Placement			
		Total			
Total Net Assets	Public Offering				
	Private Placement				
	Total				
Japan Post Bank (C)	Establishment Amount	Public Offering			
		Private Placement			
		Total			
	Cancellation Amount (including redemption)	Public Offering			
		Private Placement			
		Total			
Total Net Assets	Public Offering				
	Private Placement				
	Total				
Direct Sales (D)	Established Amount	Public Offering			
		Private Placement			
		Total			
	Cancellation Amount (including redemption)	Public Offering			
		Private Placement			
		Total			
Total Net Assets	Public Offering				
	Private Placement				
	Total				
Total (A)+(B)+(C)+(D)	Established Amount	Public Offering			
		Private Placement			
		Total			
	Cancellation Amount (including redemption)	Public Offering			
		Private Placement			
		Total			
Total Net Assets	Public Offering				
	Private Placement				
	Total				

(Points to consider in reporting)

- Publicly offered funds and private placement funds (excluding mother funds) are to be reported.
- The total of the establishment amount, the cancellation amount (including redemption) and the total amount of net assets, and the total of (1) + (2), shall be calculated on the Association System.

## Beneficiary Certificate Public Offering Report

Fund Name \_\_\_\_\_

Date Established \_\_\_\_\_

Public Offering Period \_\_\_\_\_

Company name: \_\_\_\_\_ Co., Ltd.

## (1) Public offering status by applicant

Classification	Amount	Percentage	Number of persons	Percentage
Financial corporations	Thousands yen	%	People	%
Business corporations				
Non-profit organizations				
Individuals				
Total				
Share from financial industry applicants				

Note: In the Amount and Number of persons columns, direct sales shall be indicated using parenthesis for each item in Table (1). E.g., "(1234)."

## (2) Public offering status by application amount

Application amount	Amount	Percentage	Number of persons	Percentage
500,000 yen or less	Thousands yen	%	People	%
500,001 yen to 1,000,000 yen				
1,000,001 yen to 3,000,000 yen				
3,000,001 yen to 5,000,000 yen				
5,000,001 yen to 10,000,000 yen				
Over 10,000,000 yen				
Total	( )	100.0	( )	100.0

Note 1: In the total column for Amount and Number of persons, the offering amount related to cumulative investment contracts shall be indicated in parenthesis. E.g., "(1234)."

2. For long-term public and corporate bond investment trusts, the application amount column shall be divided into the following amounts: "100,000 yen or less," "100,001 yen to 200,000 yen," "200,001 yen to 500,000 yen," "500,001 yen to 1,000,000 yen," "1,000,001 yen to 3,000,000 yen," and "over 3,000,000 yen." The breakdown of amounts considered to be property accumulation shall be entered in the margin as shown below.

Of which, property accumulation savings account  
No. of items                      ,000 yen

Of which, property accumulation pension account  
No. of items                      ,000 yen

Attached Table 24

**Settlement and Redemption Funds**  
(MM/YYYY)

Company name:            Co., Ltd.

Fund Name	Settlement or Redemption	Number of Settlement Periods	Settlement or Redemption date
.....			
.....			

Note: Of publicly offered investment trusts, funds whose settlement or redemption is on the following month are to be reported (excludes trusts which have daily settlements).

Attached Table 25

**Mother Fund Information**  
(End of MM/YYYY)

Company name:            Co., Ltd.

Reported matters	(1) Mother Fund Information (fund code, number of units of beneficial interest)  (2) Information on child funds that belong to relevant mother fund (fund code, number of units of beneficial interest, distinction between public offering and private placement)
------------------	--

Note: The Mother Fund is to be reported.

Attached Table 26

**Sales Company and Commission**

Reported matters	1) Company name, 2) Fund code, 3) Sales company of the fund, 4) Selling commission rate of the sales company (excluding tax)
------------------	--

Note 1: For publicly offered open type investment trusts, the maximum commission rate for each sales company is to be reported.

2. At the time of the establishment of a trust, such notification shall be made by the day before the commencement of the public offering, and if any change occurs thereafter, such notification shall be made by the 6th business day of the following month.

Attached Table 29

## 1. Information specific to REIT

Item number	Item	Description	
1	Investment Trusts Association Fund Code	The system, etc. shall be determined separately	
2.	Name of investment corporation or investment trust	Official name	
3	English name of investment corporation or investment trust		
4	Nickname, etc. of investment corporation or investment trust	Fund nickname/abbreviated name (if applicable)	
5	Investment Trust Company Code	The system, etc. shall be determined separately	
6	Name of investment trust management company		
7	Name of trustee company for general administration		
8	Name of asset custodian company (trustee bank)		
9	Type category 1	(1) Investment corporation (2) Contract type (managed under instructions from the settlor) (3) Contract type (managed without instructions from the settlor)	
10	Type category 2	(1) Closed end (2) Open end	
11	Listing category	Listed (0) unlisted (1)	
12	Market category	System, etc., including the Tokyo Stock Exchange (1), shall be determined separately.	
13	Date of establishment	MM-DD-YYYY Date of registration of incorporation	
14	Application commencement date (public offering commencement date)	MM-DD-YYYY In the case of contract type, public offering commencement date	
15	Application end date (public offering end date)	MM-DD-YYYY In the case of contract type, public offering end date	
16	Registration date (establishment date)	MM-DD-YYYY In the case of contract type, establishment date	
17	Listing date	MM-DD-YYYY Date: MM/DD/YYYY	
18	Management period	Period of existence for investment corporation In the case of contract type, trust period. Indefinite=99	
19	Frequency of settlement (annual)	n times	
20	Settlement Date	MMDD MMDD	
21	Settlement date variability category	Constant (0) variable (1)	
22	Dissolution date (redemption date)	MM-DD-YYYY Expiration date of the period of existence. In the case of contract type, redemption date	
23	Redemption price at the time of dissolution (redemption price)	Value per unit (up to two decimal places). In the case of a contract type, the redemption price	
24	Application units at issue	Number of units	
25	Minimum application units	(For open end only) units	
26	Application commission category	No application commission (0) With application commission (1)	
27	Application commission	Included in price/not included in price	Included in price (0) not included in price (1)
		Amount	(Yen)
28	Base value representation category	Japanese yen (0) foreign currency (1)	
29	Details of management cost, etc.	Management remuneration	Briefly describe the management remuneration structure. Ex. 1) Rental income x3%, 2) rental profit x3%, 3) sales price x0.5%, etc. In the case of a contractor, the trust remuneration of the management company
		Asset custody remuneration	Briefly describe the system of asset custody remuneration In the case of contract type, the trust remuneration of the trustee company.
		Remuneration to sales company	For contract type open end only.

Attached Table 30

## 2. End of month REITs information

## A. Change in assets

(Amount: in millions of yen)

Item number	Item	Description	
1	Data date	MM-DD-YYYY Date of applicable data	
2.	Investment Trusts Association Fund Code	The system, etc., shall be determined separately.	
3	Name of investment corporation or investment trust	Official name	
4	Number of investment units at previous month-end (Number of units of beneficial interest)	In the case of contract type, the number of units of beneficial interest	
	Net asset balance at previous month-end (A)		
5	Additional contribution (Established amount)	Units of investment (Number of units of beneficial interest)	In the case of contract type, the number of units of beneficial interest
		Amount of contribution (B) (Total amount of trust money)	In the case of a contract type, the established amount (total amount of trust money)
6	Refund of contribution (Cancellation amount)	Units of investment (Number of units of beneficial interest)	In the case of contract type, the number of units of beneficial interest
		Refund amount (C) (Total amount of trust money)	In the case of a contract type, the cancellation amount (total amount of trust money)
7	Redemption (Upon dissolution)	Number of units of beneficial interest	
		Redemption (D)	
8	Change in capital (E)=(B)-(C)-(D)	In the case of contract type, the amount of change in funds	
9	Change caused by management of trust (F)	Increase or decrease in surplus (profit or loss for the period + internal reserves such as profit carried forward) due to management of trust, etc.	
10	Change in assets	Difference between the total amount of net assets at the end of the current month and the total amount of net assets at the end of the previous month	
11	Number of units of investment at month-end (Number of units of beneficial interest)	In the case of contract type, the number of units of beneficial interest	
	Balance of net assets at month-end (A)+(E)+(F)		
12	Total amount of contributions	In the case of contract type, principal balance	
13	Total assets	Total assets at month-end	
14	Total amount of incorporated real estate	The sum of the disclosed reference values	
15	Total liabilities		
	Of which, the outstanding balance of investment corporation bonds		

## Note:

1. Any Ex-Distribution after approval of settlement of accounts shall be included in the change caused by management of trust.
2. The month in which any Ex-Distribution falls shall be the month in which settlement of accounts is approved.
3. 8, 9, 10, 14 do not require input as calculation is automatic.
4. Amounts less than one unit shall be rounded down (same applies to the below forms).

Attached Table 31

## B. Status of offering and sale, etc.

Item number	Item	Description
1	Data date	MM-DD-YYYY Date of applicable data
2.	Investment Trusts Association Fund Code	The system, etc. shall be determined separately
3	Name of investment corporation or investment trust	Official name
4	Date of application (public offering):	MM-DD-YYYY In the case of contract type, the date of public offering
5	Date of payment	MM-DD-YYYY
6	Public offering and private placement category	(1) Public offering (2) private placement
7	Initial public offering or additional public offering category	(1) Initial (2) additional
8	Number of public offering investment units (number of units of beneficial interest)	Number of units to be additionally issued
9	Number of secondary distribution investment units (number of units of beneficial interest)	
10	Issue price (Application price including commission)	The issue price per unit In the case of contract type, the application price including commission (in yen)
11	Issue value	Amount to be paid per unit (subscription price, etc.) (in yen)
12	Paid amount	Change in total amount of contributions in the case of additional issuance (in millions of yen)
13	Secondary distribution price	Amount to be paid by an investor in the case of secondary distribution (in millions of yen)

- Not a cumulative amount for each public offering.

Attached Table 32

C. Status of all incorporated real estate (holding status) (MM/YYYY)

Name of investment trust or investment corporation

Item		Number of properties incorporated	Total leasable area (A) m <sup>2</sup>	Total leased area (B) m <sup>2</sup>	Occupancy rate (C)% (B)÷(A)	Number of tenants	Disclosure valuation
Japan	Principal Use						
	Office						
	Commercial or retail						
	Housing						
	Hotel						
	Distribution facilities						
	Others						
	Total						
U.S.A.	Principal Use						
	Office						
	Commercial or retail						
	Housing						
	Hotel						
	Distribution facilities						
	Others						
	Total						
...	Principal Use						
	Office						
	Commercial or retail						
	Housing						
	Hotel						
	Distribution facilities						
	Others						
	Total						
Total	Principal Use						
	Office						
	Commercial or retail						
	Housing						
	Hotel						
	Distribution facilities						
	Others						
	Total						

Note 1: "Other" is for purposes other than "Office," "Commercial or retail," "Housing," "Hotel," and "Distribution facilities."

2: Entries for "Total" and "Occupancy rate (C)" are not required because they are automatically calculated.

3: The "Disclosure valuation" shall be the reference value disclosed by each investment corporation, etc., in the valuation method stipulated in the Certificate of Incorporation, etc.



Attached Table 33

D. Purchase and sale of assets (MM/YYYY)

Name of investment trust or investment corporation

(Unit: Million Yen)

Item		Real estate	Real estate in trust	Real estate investment securities	Other real estate-related assets	Other specified assets
Japan	Acquisition amount					
	Sales amount					
U.S.A.	Acquisition amount					
	Sales amount					
Canada	Acquisition amount					
	Sales amount					
...	Acquisition amount					
	Sales amount					
Total	Acquisition amount					
	Sales amount					

Attached Table 34

## 3. Settlement and Financial Status of REITs

## A. Financial status

(Amount: in millions of yen)

Item number	Item	Description	
1	Data date	MM-DD-YYYY Date of applicable data	
2.	Investment Trusts Association Fund Code	The system, etc. shall be determined separately	
3	Name of investment corporation or investment trust	Official name	
4	Settlement period		
5	Settlement Date	MMDD	
6	Operating revenue		
7	Profit or loss from rental of real estate		
8	Profit or loss from sale of real estate	Profit or loss from sale of real estate other than in No. 7	
9	Profit or loss from sale of securities	Profit or loss from sale of securities during the business year	
10	Other operating income	Other income during the business year	
11	Other operating expenses	Total operating expenses less than or equal to asset management remuneration	
12	Total operating income		
13	Non-operating income		
14	Ordinary income		
15	Income for the current period	Profit after taxes	
16	Total profit distributions	In millions of yen	
17	Total return of contribution (principal)	In millions of yen	
18	Number of Investment Units Issued	Number of units	
19	Distribution per unit	Profit distributions	
		Distribution amount for excess profit/principal return amount	
20	Number of holders at period end	Individuals/others	
		Financial institution	Bank/trust bank
			Life insurance/Non-life insurance
			Securities Company
			Other financial services
		Other domestic corporations	
		Foreigner (corporate/individual)	
21	Number of Units Held at End of Period	Individuals/others	
		Financial institution	Bank/trust bank
			Life insurance/Non-life insurance
			Securities Company
			Other financial services
		Other domestic corporations	
		Foreigner (corporate/individual)	

Attached Table 35

B. Information on the composition of managed assets

(Amount: in millions of yen)

Item number	Item	Description	
1	Data date	MM-DD-YYYY Date of applicable data	
2.	Investment Trusts Association Fund Code	The system, etc. shall be determined separately	
3	Name of investment corporation or investment trust	Official name	
4	Real estate related assets	Real estate	Book Value (Note 1) and component ratio (%) (Note 2)
		Leasehold	Same as above
		Superficies rights	Same as above
		Real estate in trust	Same as above
		Silent Partnership Equity	Same as above
	Others	Same as above	
5	Securities	Real estate investment securities (REIT beneficiary certificates)	Valuation (Note 1) and component ratio (%) (Note 2)
		Other securities	Same as above
6	Other assets	Deposits, money trusts, call loans, discount bills, etc. (including balance sheet accruals)	
7	Total assets at period end		
8	Valuation profit or loss	Securities	
		Foreign exchange	
		Others	
9	Total amount of liabilities	Of which, amount for loans	
		Of which, the outstanding balance of investment corporation bonds	
10	Total net assets at period end		
11	Base value at period end		

Note 1: Value after depreciation

2: Ratio to “10 Total net assets at period end” Component ratio is automatically calculated so input is not required.

Attached Table 36

C. Individual status of incorporated real estate (acquisition and sale) (MM/YYYY)

Name of investment trust or investment corporation

(Amount: in millions of yen)

Name of property	Date of acquisition	Date of sale	Acquisition Cost	Book Value	Sale price	Area	Region	Location	Property use

Note 1: "Date of acquisition" and "Date of sale" are the dates stated in the sales contract.

2: The "Acquisition cost" and "Sale price" are the prices stated in the sales contract.

3: "Book value" is based on the date of purchase of the property. There are also changes that are to be entered at the end of each period.

4. For assets denominated in foreign currencies, indicate the country name in the "Location" column. Entry in the "Region" column is not necessary.

# Rules on Notification and Publication, etc. of the Base Value of Investment Trusts

Established on March 19, 2004  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on January 16, 2009  
Revised on December 20, 2012  
Revised on May 20, 2021

## Article 1. Purpose

These Rules set forth the necessary notification and publication for base value and notification and publication for invalid beneficiary certificates and other necessary items necessary for the use of investment trust beneficiary certificates (including book-entry transfer beneficial interest in an investment trust; hereinafter referred to as “beneficiary certificates” ) as substitute securities, such as customer margin for margin transactions.

## Article 2. Beneficiary Certificates for Substitute Securities

This Association shall publish the base value of subject beneficiary certificates (including book-entry transfer beneficial interest in an investment trust) of substitute securities such as customer margin for margin transactions. However, this shall not apply to subject certificates among investment trusts during a closed period, investment trusts exclusively for cumulative investment and investment trusts whose cancellation is limited to a certain date.

## Article 3. Notification of Base Value

1. The Investment Trust Management Company (meaning the Investment Trust Management Company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), and hereinafter referred to as the “Management Company”) shall notify the Association of the base value of the investment trust as prescribed in the preceding article by electromagnetic means at approximately the time set forth in the By-laws.
2. The value to be notified to the Association shall be the base value calculated under Article 52 of the Rules for Valuation and Accounting of Investment Trust Properties, and other values shall not be adopted.

\* Article 2 of the By-laws

## Article 4. Publication of Base Value

The Association shall publish the base value notified by the Management Company in the manner set forth in the By-laws.

\* Article 3 of the By-laws

## Article 5. Notification of Invalid Securities

1. The Management Company shall request the sales company to inform the Management Company which is

engaged in the management of the investment trust or the investment corporation (hereinafter referred to as the “Investment Trusts, etc.” ) without delay when an invalid security has been identified or invalidation regarding any beneficiary certificate or investment security (meaning a beneficiary security or investment security which has been reported to be invalid; the same shall apply hereinafter) has been reported to the sales company (meaning the type-I financial instruments business operator designated by the Management Company (meaning a party that engages in Type I financial instruments business as prescribed in Article 28, Paragraph 1 of the FIEA (Act No. 25 of 1948 ) and the Registered Financial Institution; the same shall apply hereinafter ).

2. Upon receipt of the notification set forth in the preceding paragraph from a sales company, the Management Company shall notify the sales company that is handling the investment trust and notify the Association by electromagnetic means.

#### Article 6. Publication of Invalid Securities

Upon receipt of notification of invalid securities from the Management Company as specified in Paragraph 2 of the preceding article, the Association shall promptly prepare a list of the serial numbers of the invalid securities and publish the list on the website for Association members.

#### Article 7. Form for Notifying the Association, etc.

When notifying the Association of invalid securities in accordance with Article 5, Paragraph 2, the Management Company must do so using the form set forth in the By-laws via “Electronic Notification and Storage System for Notifications from Association Members.”

When publishing the invalid securities as prescribed in the preceding paragraph, the Association shall do it in the form set forth in By-laws.

\* Article 4 of the By-laws

#### Article 8. Fund Code Unification

The Association shall standardize the fund code for investment trusts in order to facilitate the administration of clerical work by the sales company and contribute to the appropriate operation of the base value publication system for beneficiary certificates.

#### Article 9. Deleted

#### Article 10. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Article 11. Others

Any matters not provided for in these Rules concerning notification, publication, etc. of the base value of investment trusts may be decided by a resolution of the Board of Directors.

Article 12. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. When the Self-regulation Committee decides a matter delegated to it (limited to those decisions the Board of Directors deems necessary), they shall promptly inform the Board of Directors of the details thereof.

Supplementary Provision

These Rules shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

Article 7.

# By-Laws on Rules on Notification and Publication, etc. of the Base Value of Investment Trusts

Established on March 19, 2004  
Revised on July 8, 2004  
Revised on November 11, 2004  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on December 20, 2012  
Revised on May 20, 2021

## Article 1. Purpose

These By-laws provide for matters necessary for the enforcement of the Rules on Notification and Publication, etc., of the Base Value of Investment Trusts (hereinafter referred to as the “Rules”).

## Article 2. The Time Base Value is Notified

The time base value is notified as specified by the By-laws as prescribed in Article 3, Paragraph 1 of the Rules shall be 8 p.m. on the day.

## Article 3. Method for Publishing Base Value

The methods to be specified by the By-laws as prescribed in Article 4 of the Rules shall be as follows:

- (1) The Association shall publish the base value of the investment trust prescribed in Article 2 of the Rules as the “List of Base Values Published by the Investment Trusts Association” through QUICK.
- (2) The “List of Base Values Published by the Investment Trusts Association” shall indicate the name of the investment trust management company (meaning the investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); hereinafter referred to as the “Management Company”), the name of the investment trust, the code number of such investment trust and the base value on the day thereof, and shall be indicated for each Management Company.

## Article 4. Form for Notification to the Association

The form set forth in Article 7 of the Rules and the By-Laws as prescribed in the second sentence of the same article shall be the form set forth in Attached Table 1.

### Supplementary Provision

These By-laws come into effect on April 1, 2004.

### Supplementary Provision

This amendment shall come into effect on July 1, 2004.



Supplementary Provision

This amendment shall come into effect on November 19, 2004.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended provisions are as follows:

- Attached Table 1 specified in Article 4.

Attached Table 1

Application Date MM/DD/YYYY

Trade Name or Name	
--------------------	--

**Notification of Serial Number of Invalid Beneficiary Certificates and Investment Securities**

Fund Name	Code Number	Type of Certificate	Serial Number (first half)	Serial Number (latter half)

## Rules on Full Members' Business Operations, Etc.

Established on March 21, 2008  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on September 16, 2009  
Revised on March 15, 2012  
Revised on December 20, 2012  
Revised on June 13, 2013  
Revised on July 18, 2013  
Revised on July 16, 2015

### Article 1. Purpose

The purpose of these Rules is to provide for matters necessary for proper business operations, etc. pertaining to investment trusts and investment corporations, etc. of Full Members (meaning a Full Member as defined in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter.)

### Article 2. Exercise of Voting Rights

1. The investment trust management member companies, etc. (meaning the investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (hereinafter referred to as the "Investment Trust Management Member Companies") and the Full Members who are asset management companies as defined in Paragraph 21 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) shall give instructions as to the exercise of voting rights pertaining to shares held as investment trust property as set forth in the following items:

- (1) Instructions to exercise voting rights pertaining to shares held as investment trust property by investment trust management member companies, etc. shall be given in writing. However, this shall not apply to cases where the investment trust management member companies, etc. previously enter into terms of use, etc. with the operating organization (meaning the organization operating the system for exercising voting rights by electromagnetic means) and the trustee company, and exercise voting rights by electromagnetic means.
- (2) The investment trust management member companies, etc. shall clearly indicate to the trustee the following declarations of intent with respect to each proposal stated in the notice to convene a general meeting of shareholders:
  - (a) To be in favor of the proposal;
  - (b) To be opposed to the proposal;
  - (c) To give an Investment Trust Management Company unconditional authority as an agent; or
  - (d) To abstain from voting.

2. The investment trust management member companies, etc. shall establish provisions concerning the basic concept of exercising voting rights and authority for decision making, etc. prescribed in the preceding paragraph.

3. The investment trust management member companies, etc. shall give instructions for the exercise of voting rights pertaining to foreign shares held as investment trust property in accordance with the circumstances of the relevant country.

#### Article 3. Prohibited Acts for Officers and Employees

A Full Member must prevent any person who is an officer or employee of the Full Member from using their position in the course of duties to sell or purchase securities based on trends in the management of the trust property, etc. or important non-public information pertaining to issuing companies obtained in connection with their business, or other special information obtained in the course of their duties, or solely for the purpose of pursuing speculative profits.

#### Article 4. Measures to Be Taken Against Offenders

1. If any officers or employees of a Full Member commits any of the acts listed in the preceding article, such Full Member shall take strict measures against the relevant person who commits such act.
2. If a Full Member has taken the measures prescribed in the preceding paragraph, such Full Member shall submit a written report to the Association that describes the entirety of the act and measures taken.

#### Article 5. Development of Insider Trading Control Systems

1. To prevent insider trading, Full Members shall endeavor to develop insider trading control systems, such as establishing internal rules for the management of unpublished, important information pertaining to the issuing company which has been acquired by the officers or employees of a Full Member in connection with their business.
2. The internal rules provided in the preceding paragraph shall be as set forth by the Self-Regulation Committee.

\* Committee Resolution 1

#### Article 5-2. Development of an Internal System for Determining Distributions

1. Investment Trust Management Member Companies shall develop an operation manual, etc. that contains the matters listed below in order to conduct distribution in accordance with the distribution policy, such as determining distribution amounts based on a conservative assessment of the source of distribution and remaining capacity of distribution, for investment trusts premised on stable and continuous distribution (meaning Monthly Distribution Type Investment Trusts and Bimonthly Distribution Type Investment Trusts (those with monthly and bimonthly settlement frequency)).
  - (1) Process to determine distributions;
  - (2) Matters to be considered in the review of distributions; and
  - (3) Basic concept for determining distributions.
2. Investment Trust Management Member Companies shall endeavor to ensure the rigorous implementation of operations based on the operation manuals, etc., provided in the preceding paragraph.
3. The development, etc. of the operation manual, etc. and thorough implementation of operations based

thereon set forth in the preceding two paragraphs shall be as determined by the Self-Regulation Committee.

\* Committee Resolution 2

Article 6. Acquisition or Disposition of Beneficiary Certificates of Investment Trusts or Investment Securities of Investment Corporations for Which Management, etc. Is Conducted by a Full Member

1. A Full Member shall not acquire or dispose of (hereinafter referred to as “Acquisition, etc.”) beneficiary certificates of an investment trust or investment securities of an investment corporation which the Full Member conducts management, etc. of as their own assets (hereinafter referred to as “Investment Trust Beneficiary Certificates Issued In-House, etc.”)
2. The provisions of the preceding paragraph shall not apply to cases where a Full Member makes Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc. (excluding REIT, etc. as defined in Article 3, Paragraph 1 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations and beneficiary certificates of Infrastructure Investment Trusts, etc. or investment securities as defined in Article 3, Paragraph 3 of the Rules on Infrastructure Investment Trusts and Infrastructure Investment Corporations; the same shall apply in Article 6-2) necessary for ordinary operations such as temporary Acquisition, etc. associated with the settlement of accidents.

Article 6-2. Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc. Except for REIT, etc. and Infrastructure Investment Trusts, etc.

1. Notwithstanding the provision of Paragraph 1 of the preceding article, a Full Member may conduct Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc. that falls under any of the following items:
  - (1) Acquisition, etc. at the time of initial establishment or initial operation;
  - (2) Acquisition, etc. to adequately maintain product attributes; or
  - (3) Acquisition, etc. for management of company assets.
2. The Acquisition, etc., to adequately maintain product attributes as set forth in Item 2 of the preceding paragraph shall be as follows:
  - (1) Acquisition, etc. of an investment trust, etc. to aim for investment performance linked to a specific stock price index, etc. (meaning index fund) to the extent necessary to maintain a portfolio distinctive to such investment trust;
  - (2) Acquisition, etc. to the extent necessary in an investment trust group comprised of several investment trusts in which conducting switchover between the investment trusts that comprise the investment trust group is permitted when there is a risk of not being able to maintain the operation of the investment trust group due to decrease in the balance of the specific investment trust; and
  - (3) Any other Acquisition, etc., which is deemed necessary by the Board of Directors to maintain the product attributes of the investment trust.

Article 6-3 Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc. That Are REIT, etc. and Infrastructure Investment Trusts, etc.

1. Notwithstanding the provision of Paragraph 1 of Article 6, a Full Member may conduct Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc., that are REIT, etc. and Infrastructure Investment Trusts, etc., if the conditions of the following items are satisfied:
  - (1) The Investment Trust Beneficiary Certificates Issued In-House, etc. are beneficiary certificates and investment securities of REIT, etc. and Infrastructure Investment Trusts, etc.;
  - (2) Internal procedures for Acquisition, etc. are stipulated in the internal rules beforehand;
  - (3) The company's Board of Directors has resolved the matters to be stipulated in the By-laws regarding the implementation of Acquisition, etc.; and
  - (4) The Acquisition, etc. satisfies the requirements set forth in the By-laws.
2. When a resolution of the Board of Directors set forth in Item (3) of the preceding paragraph is made, a Full Member shall promptly publicize the matters provided for in the By-laws.
3. In the event that a Full Member conducts Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc., that are REIT, etc. and Infrastructure Investment Trusts, etc. in accordance with the resolution of the Board of Directors set forth in Paragraph 1, Item 3, such Full Member must promptly publicize the matters set forth in the By-laws.

\*Articles 2 and 3 of the By-laws

Article 6-4. Conducting Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc. That Are REIT, etc. and Infrastructure Investment Trusts, etc.

1. A Full Member shall not conduct Acquisition, etc., until the day on which 5 days have passed from the day of the resolution of the Board of Directors provided in Paragraph 1, Item 3 of the preceding article.
2. Notwithstanding the provision of the preceding paragraph, in the event that a Full Member is expected to publicize any important facts which may have a material impact on the acquisition price or investment decision of investors with regard to REIT, etc., and Infrastructure Investment Trusts, etc., such Full Member shall not conduct Acquisition, etc. until 7 days have passed from the day of publication of such fact.
3. If a Full Member becomes unable to conduct an Acquisition, etc. resolved by the Board of Directors pursuant to the provision in the preceding paragraph, such Full Member must conduct Acquisition, etc. after a resolution is made at the Board of Directors as provided in Article 6-3, Paragraph 1, Item 3 for a second time, except for cases where the Board of Directors has made a resolution to respond to such situation in advance.

Article 6-5. Disclosure in the Case of Acquisition, etc. of Investment Trust Beneficiary Certificates Issued In-House, etc.

When a Full Member has made any Acquisition, etc., as set forth in Article 6-2 or Article 6-3, such Full Member shall make disclosures in the investment report or asset management report in accordance with the Rules on Investment Reports, etc. for Investment Trusts and Investment Corporations prescribed separately.

Article 6-6. Prohibition of Securities, Rights, and Transactions of Which REIT, etc., Are Underlying Assets  
A Full Member shall not invest in securities, rights, or transactions of which on REIT, etc. and Infrastructure Investment Trusts, etc. managed by the Full Member are the sole underlying assets.

Article 7. Valid Period of Securities Registration Statement, etc.

The Securities Registration Statement and Prospectus for public offering of domestic beneficiary certificates of investment trusts and domestic investment securities shall be valid for no more than 16 months.

Article 8. Time Limit for Acceptance of Applications for Purchase and Cancellation of Stock Investment Trusts

Investment Trust Management Member Companies shall observe the following matters with regard to stock investment trusts:

- (1) To require that the sales company complies with the requirement that acceptance of purchase and cancellation by customers (including buy-back; the same shall apply hereinafter) be closed by 3 p.m. at the latest; and
- (2) To fix the number of units of additional establishment or cancellation related to the customer's purchase and cancellation transactions on the business day and promptly notify the trustee bank of such number of units.

Article 9. Selling to Large Volume Applicants

1. Investment Trust Management Member Companies shall decide with the sales company, for open type investment trusts, the maximum amount that will be accepted for cancellation and the predetermined amount for which prior notification is required per application by large volume applicants for each investment trust. In this case, sufficient consideration shall be given to the size and product attributes of the investment trust, and the amount shall be an amount that will not hinder the operation of the investment trust.
2. The Investment Trust Management Company Member shall request the sales company to notify the Investment Trust Management Company Member of any cancellation exceeding the predetermined amount provided in the preceding paragraph by 12:30 p.m. on the contract date.

Article 10 Payment of Distributions

Investment Trust Management Member Companies shall require that the sales company comply with commencing the payment of distributions or redemption money related to the investment trust to customers, in principle, within 5 business days after the closing date or the redemption date of the investment trust (hereinafter referred to as "Closing Date, etc." and if such Closing Date, etc. is a holiday, the next business day).

Article 11 Notice of Refund of Subscription Fees and Consumption Tax for Investment Trusts with Commission Included

In the event that the sales company returns the investor all or part of the subscription fees (including consumption tax) for an investment trust with commission included, Investment Trust Management Member Companies shall have the sales company notify the Investment Trust Management Member Companies of the total amount equivalent to the consumption tax to be returned to the investor on the date of conclusion of the

trust agreement.

#### Article 12 Handling of Money Arising after Termination of the Trust for an Investment Trust Property

1. If there are amounts that can be estimated of the accounts receivable related to the investment trust at the time of termination of an investment trust, in principle, Investment Trust Management Member Companies shall transfer the amount to investment trust property.

The trustee shall make transfer to investment trust property on behalf of the Investment Trust Management Member Companies.

2. If any money not transferred as prescribed in the preceding paragraph arises after the termination of the trust, in principle, Investment Trust Management Member Companies shall return such money to the beneficiary at the time of termination of the trust.

In returning such money to the beneficiary, the expenses involved in such return may be deducted.

#### Article 13 Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.

2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors.).

#### Supplementary Provisions

1. These Rules shall be implemented from the date of approval by the competent government agency for amendments to the Operational Rules (March 31, 2008).

2. The Board of Directors resolution (established on March 16, 2004) regarding the operation, etc. of investment trusts shall be abolished as of the date of approval by the competent government agency for amendments of the Operational Rules (March 31, 2008).

#### Supplementary Provisions

1. This amendment shall come into effect on October 1, 2008.

2. The Rules for public offering or sales of investment trusts, and the By-laws for the rules for public offering or sales of investment trusts shall be abolished as of October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on March 19, 2009.

#### Supplementary Provision

This amendment will come into effect on December 30, 2009.



Supplementary Provisions

1. This amendment shall come into effect on May 1, 2012.
2. Notwithstanding 1. above, this shall not preclude Full Members from operating under the amended provisions up to the effective date.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on June 13, 2013.

Supplementary Provision

This amendment shall come into effect on July 18, 2013.

Supplementary Provision

This amendment shall come into effect on July 16, 2015.

\* The amended Articles are as follows:

Article 6, Paragraph 2, Headings of Article 6-2, Headings of Article 6-3 and the main clause of Paragraph 1 of the same Article and Item 1 of the same paragraph, Paragraph 3 of the same Article, Headings of Article 6-4 and Paragraph 2 of the same Article, Article 6-6

# By-laws Concerning Rules on Full Members' Business Operations, etc.

Established on September 19, 2008  
Revised on July 16, 2015

## Article 1. Purpose

These By-laws prescribe matters necessary to enforce the Rules on Full Members' Business Operations, etc. (hereinafter referred to as the "Rules").

## Article 2. Board of Directors Resolution on Self-Acquisition, etc.

1. The matters to be resolved at the Board of Directors according to the By-laws as provided in Article 6-3, Paragraph 1, Item 3 of the Rules shall be as follows:

- (1) Date or period of acquisition or disposition (hereinafter referred to as "Acquisition, etc.")
- (2) Distinction of acquisition and disposition
- (3) Number of units and the total amount of REIT, etc. for which Acquisition, etc. to be conducted
- (4) Value and method for determining the value of Acquisition, etc.
- (5) Method of Acquisition, etc.
- (6) Purpose and the usage of funds, etc. for Acquisition, etc.
- (7) The name of the entrusted party and the outline of the entrusted affairs in the case that instructions, etc. for Acquisition, etc. are entrusted to a third party

2. The matters provided in the By-laws as prescribed in Article 6-3, Paragraph 2 of the Rules shall be the matters outlined in the items of the preceding paragraph and the date they were resolved.

3. The matters provided in the By-laws as prescribed in Article 6-3, Paragraph 3 of the Rules shall be as follows:

- (1) Date or period of Acquisition, etc.
- (2) The total amount and number of units of investment trust beneficiary certificates, etc., issued in-house for which Acquisition, etc. was conducted
- (3) The total amount and number of units of investment trust beneficiary certificates, etc., issued in-house which are held by Full Members after Acquisition, etc.
- (4) Method of Acquisition, etc.
- (5) Other matters considered necessary from the viewpoint of protecting investors

## Article 3. Requirements for Acquisition, etc. for RIET, etc. and IIT, etc.

1. The acquisition provided in the By-laws as prescribed in Article 6-3, Paragraph 1, Item 4 of the Rules shall be an acquisition that satisfies the following requirements:

- (1) An acquisition that falls under any of the following:
  - (a) An acquisition in the course of a public offering for capital increase or any other act similar thereto.
  - (b) Acquisition when the capital, etc., is returned by investment trust beneficiary certificates, etc.,

issued in-house in lieu of money in the liquidation of a silent partnership which Full Members are investing.

(c) An acquisition from an investor who owns a majority of the beneficiary certificates of the investment trust issued in-house in order to satisfy the conduit requirements under the tax laws for RIET, etc. and IIT, etc. for which the investor has been entrusted with investment operations.

(d) Other acquisitions deemed necessary at the board of directors.

(2) The Acquisition Cost in the case of an acquisition pursuant to Item 1, (a) shall be the public offering and distribution price determined through the book-building method related to the relevant public offering for capital increase or a fair price considered to be equivalent thereto.

2. A disposition satisfying the requirements provided in the By-laws as prescribed in Article 6-3, Paragraph 1, Item 4 of the Rules shall be a disposition that satisfies the requirements provided in the respective items in the following cases:

(1) In the case of disposition in on-exchange transactions, Full Members shall give sufficient consideration to the disposition value, the number of units to be disposed per day, and the timing of disposition, etc. so as not to cause market manipulation or any similar act with regard to the instructions for such disposition.

(2) In the case of disposition in off-exchange transactions, the disposition price shall be, in principle, the final price for the relevant on-exchange transaction for investment trust beneficiary certificates, etc., issued in-house on the contract date or the settlement date. However, when making a disposition at a different price under a contract with a transferee, such as in the case of applying for a tender offer by a third party, care is to be taken not to make a disposition at a price that would be significantly disadvantageous to other investors.

#### Supplementary Provision

These By-laws shall be implemented on October 1, 2008.

#### Supplementary Provision

This amendment shall come into effect on July 16, 2015.

\* The amended Articles are as follows:

The titles of Article 3 and Article 3, Paragraph 1, Item 1 (c) are amended.

## Committee Resolution on Full Members' Business Operations, etc.

Established on March 15, 2012  
Revised on June 13, 2013

Based on the Rules on Full Members' Business Operations, etc. (hereinafter referred to as the "Rules"), this committee resolution prescribes the following matters concerning the business operations, etc. of Full Members.

1. The internal rules provided in Article 5, Paragraph 2 of the Rules are as follows:

A Full Member (meaning a Full Member as prescribed in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) must establish internal rules including the following matters in order to prevent insider trading before it occurs:

(1) Compliance with Laws and Regulations, etc.

- (i) Full Members shall comply with the Financial Instruments and Exchange Act (Act No. 25 of 1948, hereinafter referred to as the "FIEA") and other laws and regulations, etc. and shall endeavor to prevent insider trading before it occurs.
- (ii) A Full Member shall not encourage any person who may have knowledge of any corporate information set forth in Article 1, Paragraph 4, Item 14 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007) (hereinafter referred to as "Corporate Information") or any information likely to fall under any of the foregoing to provide such information.
- (iii) A Full Member shall not consider whether or not any Corporate Information or any information likely to fall under Corporate Information has been provided as well as the content thereof in evaluating or selecting a counterparty to whom an order pertaining to transactions of securities, etc., is to be placed.
- (iv) Full Member officers and employees shall not receive entertainment or provision of money or goods beyond the scope of reasonable social conventions from officers and employees of the counterparty to whom an order pertaining to transactions of securities, etc., is to be placed.

(2) Management of Corporate Information

- (i) A Full Member shall appoint an Information Control Manager (in principle, a director or any other person holding a similar position) from their officers and employees.
- (ii) When any officer or employee has obtained Corporate Information or any information which is likely to fall under Corporate Information, the officer or employee shall immediately report such information to the Information Control Manager, etc. (meaning the Information Control Manager or any person designated by the Information Control Manager; the same shall apply hereinafter).
- (iii) When the Information Control Manager, etc. receives a report related to the preceding item from any officer or employee, the Information Control Manager shall examine whether or not such information falls under the category of Corporate Information, and if so, shall give such officer or employee

necessary instructions regarding the administration, etc. of such Corporate Information.

- (iv) When any officer or employee has received a report pertaining to Corporate Information or has obtained Corporate Information or any information which is likely to correspond to Corporate Information, such officer or employee shall not communicate Corporate Information to any other person inside or outside the Company, except when permitted by the Information Control Manager, etc.

(3) Business operations

A Full Member shall not conduct any act based on Corporate Information in the performance of the investment management business.

However, this shall not apply to cases falling under any of the items in Article 166, Paragraph 6, or Article 167, Paragraph 5 of the FIEA.

(4) Proprietary trading

A Full Member and their officers and employees shall not conduct transactions based on Corporate Information on their own accounts.

However, this shall not apply to cases falling under any of the items in Article 166, Paragraph 6, or Article 167, Paragraph 5 of the FIEA.

2. The preparation of internal system for determining distributions as provided in Article 5, Paragraph 2 of the Rules shall be as follows:

(1) Preparation of an operation manual, etc.

The Investment Trust Management Member Company (meaning Full Members who are investment trust management companies as defined in Article 2, Paragraph 11 of Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); the same shall apply hereinafter) shall prepare an operation manual, etc. containing the following matters:

(i) Process to determine distributions

- (a) Organization, committee, etc. for review
- (b) Organization, committee, or official who will make the final decision
- (c) Involvement of officers, etc., in determining distributions (committee chairperson, approval, report, etc.)

(ii) Matters to be considered in the review of distributions

- (a) The distribution policy provided in the basic terms and conditions and prospectus of the fund
- (b) The status of the funds for distribution (revenues for the period, funds to be carried over, etc.)
- (c) The reference base value
- (d) Forecasts that take into consideration factors such as the market outlook and portfolio conditions, in accordance with the characteristics of the fund
- (e) Other necessary matters, etc. (frequency of distribution (number of settlements), product attributes of funds such as index funds, etc., cash flow status, etc.)

(iii) Basic concept for determining distributions

In the operation manual, etc., it shall be stated that distributions are to be determined conservatively, such as considering the matters in ii. above and setting quantity standards.

(2) Rigorous implementation of operations in line with the operation manual, etc.

The Investment Trust Management Member Company shall rigorously implement operations in line with the operation manual, etc., and clarify their actions in determining distributions

#### Supplementary Provisions

1. This committee resolution shall come into effect on May 1, 2012.
2. Notwithstanding the foregoing 1., Full Members shall not be precluded from operating under the revised provisions before such effective date.

#### Supplementary Provision

This amendment shall come into effect on June 13, 2013.

# Rules for Supporting Members

Established on March 9, 2017

## Article 1. Purpose, etc.

1. The purpose of these Rules is to provide for matters concerning Supporting Members as prescribed in Article 7, Paragraph 1, Item 2 of the Articles of Incorporation of the Investment Trusts Association, Japan (hereinafter referred to as the “Association”), thereby ensuring the proper and smooth operation of the Association.
2. Supporting Members are Authorized Financial Instruments Business Associations, Certified Financial Instruments Business Associations, Certified Investor Protection Organizations, or corporations engaged in services related to the investment trust entrustment business, etc., and these members agree with the purpose of the Association and cooperate in its activities.

## Article 2. Application for Membership

A person who intends to become a Supporting Member may apply for membership by submitting an application for admission in Attached Form No. 2 as prescribed in Article 2, Paragraph 3 of the Rules on Enforcement of Articles of Incorporation.

## Article 3. Approval of Admission

Upon submission of the documents prescribed in the preceding article and application of membership, the Board of Directors may approve the applicant as a Supporting Member.

Provided, however, that this shall not apply to any persons falling under the grounds for membership refusal as prescribed in Article 9, Paragraph 2 of the Articles of Incorporation or any persons falling under any of the following items:

- (1) When deemed that the person falls under any of the provisions of Article 7, Item 1, (i) to (v); or
- (2) When deemed that the person has committed an act falling under any of provisions of Article 7, Item 2, (i) to (v).

## Article 4. Membership Fee

Any person who is approved for admission pursuant to the preceding article shall pay the membership fee in accordance with the Rules on Admission Fees and Membership Fees as determined by the General Meeting.

## Article 5. Validation of Membership Qualification

The qualification of a Supporting Member shall be valid from the date that admission is approved by the Board of Directors.

Article 6. Withdrawal, etc.

When a Supporting Member intends to withdraw from membership, such Supporting Member shall submit in advance the Notification of Withdrawal from Membership in Attached Form No. 42 as prescribed in Article 12, Paragraph 1 of the Rules on Enforcement of Articles of Incorporation.

Article 7. Exclusion of Anti-Social Forces

The grounds set forth in Article 17, Paragraph 2, Item 3 of the Articles of Incorporation shall be as follows:

- (1) When deemed that the person falls under the category of anti-social forces or any of the following provisions of (i) to (v):
  - (i) Having any relationship where anti-social forces are deemed to control management;
  - (ii) Having any relationship where anti-social forces are deemed to be substantially involved in management;
  - (iii) Having any relationship deemed to be using anti-social forces unjustly for the purpose of acquiring an illicit gain for one's company, oneself, or a third-party or causing injury to a third-party;
  - (iv) Having any relationship deemed to be involved in providing funds, etc. or special favors to anti-social forces;
  - (v) Officers or any person substantially involved in management having any relationship with anti-social forces that is socially condemned.
- (2) When deemed that the acts committed by the person or through a third-party fall under any of the following provisions of (i) to (v):
  - (i) Violent demands;
  - (ii) Unreasonable demands exceeding legal responsibility;
  - (iii) Threatening statements or acts of violence in connection with transactions;
  - (iv) Spreading rumors or using fraudulent means to damage another party's reputation or interfering with another party's business;
  - (v) Any other act equivalent to (i) to (iv) in this item.

Article 8. Amendment of Rules

These Rules may be amended by resolution of the Board of Directors.

Article 9. By-laws

Matters necessary for the enforcement of these Rules shall be separately decided by the Chairperson.

Supplementary Provision

These Rules shall come into effect on April 1, 2017.



# Rules on Operations by Officers and Employees, etc. to Trade Shares, etc. on Their Own Accounts

Established on January 16, 2009

Revised on October 15, 2009

Revised on December 20, 2012

## Article 1. Purpose

The purpose of these Rules is to prevent conflict of interest transactions and any other inappropriate transactions by providing for internal rules and establishing an internal system to comply with Article 3 of the Rules for Full Members' Business Operations, etc. in connection with transactions of shares, etc. made on their own accounts by officers and employees, etc. involved in the operation and investigation, etc. of shares, etc. of Full Members (meaning the Full Members set forth in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter), thereby contributing to securing the fairness and reliability of business pertaining to investment trusts and protecting investors.

## Article 2. Definition

1. "Shares, etc." in these Rules means domestic and foreign shares and rights and corporate bonds, etc. that can be converted into shares including corporate bonds with share warrants or share options.
2. "Officers and Employees, etc. Involved in the Operation and Investigation, etc. of Shares, etc." in these Rules means any officer or employee of Full Members (excluding Full Members who only perform asset management for a real estate investment trust or Real Estate Investment Corporations; the same shall apply hereinafter) who is in charge of the management business of an investment trust property or assets of an investment corporation to be invested in shares, etc. (hereinafter referred to as the "Trust Property, etc."), who is in a position to know such management trends, or who is in a position to know unpublished important information or any other special information (hereinafter referred to as "Important Information") pertaining to issuing companies in the course of duties, or any relative who shares a livelihood with such persons (excluding any person who is a lineal descendant and whose investment decision is not affected by an officer or employee of the investment trust entrustment company).

It should be noted that the term "relative who shares a livelihood" may include not only those who live with such persons (excluding anyone who obviously lives financially independently) but also those who live separately from such persons while also habitually remitting living expenses, school fees, medical expenses, etc.

3. "Proprietary Trading" in these Rules means any of the following transactions pertaining to shares, etc. conducted on one's own account. Provided, however, that these Rules shall not apply to any transaction set forth in the By-laws.
  - (1) Stock trading, margin transactions, futures transactions, option trading, and over-the-counter derivatives transactions
  - (2) Acquisition of shares, etc. through public offering or secondary distribution
  - (3) Acquisition of shares, etc. under Cumulative Investment Contract

- (4) Transaction pertaining to stock mini investment plan.
4. “Fund Manager” in these Rules means any person who selects the issues traded, trading conditions, and volume, etc. of shares, etc. in Trust Property, etc.
  5. “Trader” in these Rules means any person who places orders for the sale and purchase of shares, etc. in Trust Property, etc. with a Type I Financial Instruments Business Operator (meaning a Type I Financial Instruments Business Operator prescribed in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act).
  6. “Analyst” in these Rules means any person engaged in corporate research pertaining to management of Trust Property, etc.
  7. “Valid Period of Approval” in these Rules means the valid period of approval as stipulated in Article 6 (hereinafter referred to as the “Valid Period”) for implementation of proprietary trading.
  8. “Period for Prohibition of Proprietary Trading” in these Rules means the period in which proprietary trading is prohibited for fund managers, traders, and analysts.

\* Article 2 of the By-laws

#### Article 3. Formulation of Internal Rules, etc.

1. Full Members shall provide for the Internal Rules concerning the proprietary trading of shares, etc. conducted by officers and employees, etc. involved in the operation and investigation, etc. of shares, etc., and shall take the necessary measures such as providing regular training, etc. so that officers and employees comply with such rules.

In addition, the matters established in the Internal Rules shall be those established in these Rules and the By-laws.

2. Full Members shall appoint a person in charge of screening the proprietary trading of shares, etc. conducted by officers and employees, etc. involved in the operation and investigation, etc. of shares, etc. (hereinafter referred to as “Person in Charge of Screening for Proprietary Trading”), and have such Person in Charge of Screening for Proprietary Trading examine whether there are any facts that constitute a violation of the Internal Rules.

Multiple persons in charge of screening for proprietary trading may be assigned to divide the screening amongst them.

\* Article 3 of the By-laws

#### Article 4. Prohibited Acts

Officers and employees, etc. involved in the operation and investigation, etc. of shares, etc. shall not engage in any of the acts set forth in the following items:

- (1) Transactions leveraging their professional position or transactions based on Important Information which they have learnt in the course of their duties;
- (2) Transactions solely for the purpose of seeking speculative profits;
- (3) Transactions in priority to customer profits such as front running, etc.;
- (4) Any other transactions prohibited under laws and regulations, etc.

Article 5. Limitation of Holding Period

In order to prevent transactions for the purpose of seeking speculative profits or other unfair transactions prescribed in Item 2 of the preceding article, Full Members shall establish in their Internal Rules a period of 6 months or more as the holding period (i.e. lock-up period) of shares, etc.

However, that if the applicant and a relative who shares a livelihood with such applicant acquire the same issue more than once, the date of the last acquisition shall be regarded as the initial date of reckoning. In the case of acquisition of shares, etc. under a Cumulative Investment Contract, the date of the first acquisition shall be regarded as the initial date of reckoning.

Article 6. Prior Application

Officers and employees, etc. involved in the operation and investigation, etc. of shares, etc. shall apply in advanced in writing (including by electromagnetic means) to the Person in Charge of Screening for Proprietary Trading and obtain approval for such proprietary trading in performing any proprietary trading of shares, etc. However, application and approval for the acquisition of shares, etc. under the Cumulative Investment Contract shall be made in accordance with the procedures set forth in the By-laws.

\* Article 4 of the By-laws

Article 7. Screening

1. The Person in Charge of Screening for Proprietary Trading who has received the prior application under the preceding article shall screen the matters set forth in the following items:

- (1) The limitation of holding period prescribed in Article 5 is met. Provided, however, that this shall not apply to cases approved by the Person in Charge of Screening for Proprietary Trading as an unavoidable circumstance for the applicant (e.g. cases where the applicant and a relative who shares a livelihood with such applicant become unable to earn a living due to illness, etc.).
- (2) If the applicant is any of the following persons (including applications for transactions by a relative who shares a livelihood with such applicant), the application shall not be for the shares, etc. set forth in the following. Provided, however, that this shall not apply to cases where shares, etc. are acquired under a Cumulative Investment Contract or to cases approved by the Person in Charge of Screening for Proprietary Trading as an unavoidable circumstance (e.g. cases where acquired shares, etc. are sold and appropriated for the payment of inheritance tax due to succession to the estate, etc.).

(A) Fund Manager

Shares, etc. traded or scheduled to be traded during the Period for Prohibition of Proprietary Trading concerning the Trust Property, etc. which the applicant is responsible for managing at the time of the application (excluding the Trust Property, etc. aimed at investment performance linked to a representative stock price index on the market; hereinafter the same shall apply in the following article);

(B) Trader (including a person who also serves as a fund manager)

Shares, etc. traded or scheduled to be traded during the Period for Prohibition of Proprietary Trading

based on the instructions for purchase orders received by the applicant from the fund manager for determining a part of the execution of trading at the time of application;

(C) Analysts (including fund managers or traders who conduct corporate research through company tours, etc.)

Shares, etc. issued by any company (including affiliated companies) which the applicant researched or intends to research during the Period for Prohibition of Proprietary Trading as part of such applicant's duties at the time of application.

2. Full Members shall establish in their Internal Rules the periods set forth in the following items as the Period for Prohibition of Proprietary Trading for the persons set forth in the Item 2 of the preceding paragraph:

(1) Period for Prohibition of Proprietary Trading for the persons set forth in (A) and (B): A period from 3 business days or more before the previous business day of the scheduled transaction date (hereinafter referred to as "Base Date") until 3 business days or more after the next business day of the Base Date as established by Full Members.

However, if a period of 2 days or more is established as the Valid Period, the Base Date shall be the first day of such Valid Period, and the period shall be from 3 business days or more before the previous business day of such date until 3 business days or more after the next business day of the final day of the Valid Period as established by Full Members.

(2) Period for Prohibition of Proprietary Trading for any of the persons set forth in (C): A period from 1 month or more before the Base Date until the Base Date as established by Full Members.

However, if the Valid Period is established, a period from 1 month or more before such Base Date until the final day of the Valid Period as established by Full Members.

#### Article 8. Confirmation in Trading of Trust Property, etc. After Application Date

1. If the applicant is a fund manager and trades shares, etc. pertaining to the application for the Trust Property, etc. which such applicant is responsible for managing within a fixed period from application until after the proprietary trading contract, such applicant shall obtain prior confirmation from the Person in Charge of Screening for Proprietary Trading.

Provided, however, that this shall not apply to cases where the proprietary trading by the applicant is a transaction provided for in the By-laws (hereinafter the same shall apply in the following article).

2. Full Members shall establish in their Internal Rules a period of 3 business days or more for the fixed period specified in the preceding paragraph.

\* Articles 3 and 5 of the By-laws

#### Article 9. Report, etc.

When a proprietary trading of shares, etc. has taken place, the applicant shall report to the Person in Charge of Screening for Proprietary Trading without delay.

\* Article 3 of the By-laws

Article 10. Retention of Records

1. Full Members shall retain records concerning prior applications, the details of screenings, and the contents of any violations and the status of corrective measures therefor and other related records.
2. Full Members shall establish in their Internal Rules a period of 5 years or more as the retention period in the preceding paragraph.

Article 11. By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

Article 12. Others

Any matters not provided for in these Rules regarding proprietary trading by officers and employees, etc. involved in the operation and investigation, etc. of shares, etc. may be decided by a resolution of the Board of Directors.

Article 13. Delegation to Competent Committee

1. The Board of Directors shall be entitled to delegate to the Self-Regulation Committee the authority to amend any By-laws relating to these Rules.
2. The Self-Regulation Committee shall promptly report to the Board of Directors, the contents of any decisions made by the Self-Regulation Committee with respect to any matters delegated thereto (limited to decisions deemed necessary by the Board of Directors.).

Supplementary Provisions

1. These Rules shall come into effect on January 16, 2009.
2. "Considerations in Preparing Internal Rules for Transactions of Shares, etc. by Officers and Employees, etc. on Their Own Accounts (November 17, 2006)" shall be repealed as of January 16, 2009.

Supplementary Provisions

1. This amendment shall come into effect on October 15, 2009.  
However, the provisions of Articles 3, Article 4, Article 7 and Article 8 after amendment shall apply from January 18, 2010.
2. Notwithstanding the foregoing proviso 1. above, Full Members shall not be precluded from operating under the provisions of Article 3, Article 4, Article 7 and Article 8 after the amendment before the date of such application.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

<Reference>

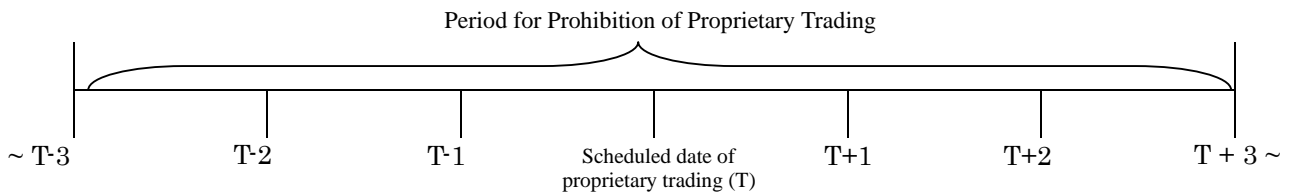
Rules on Operations by Officers and Employees, etc. to Trade Shares, etc. on Their Own Accounts  
 Period for Prohibition of Proprietary Trading Prescribed in Article 7, Paragraph 2

Article 7, Paragraph 2 of the Rules stipulates the Period for Prohibition of Proprietary Trading for fund managers, etc., and this period is illustrated as follows.

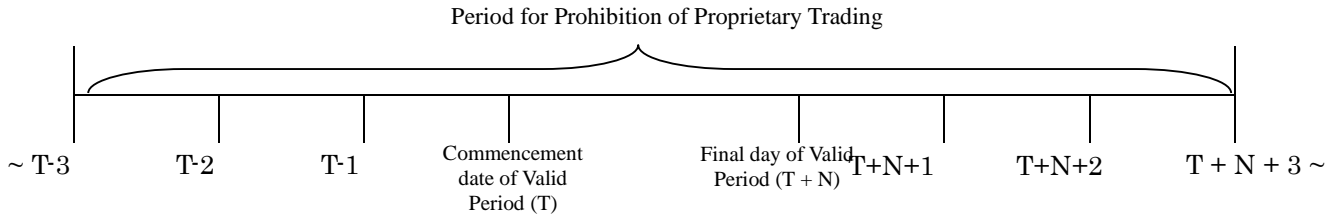
The Period for Prohibition of Proprietary Trading is required to be stipulated based on the following information in the Internal Rules concerning the proprietary trading of shares, etc. conducted by officers and employees, etc. involved in the operation and investigation, etc. of shares, etc.

1. Period for Prohibition of Proprietary Trading for Fund Managers and Traders (Article 7, Paragraph 2, Item 1 of the Rules)

(1) Period set forth in the main clause of Item 1



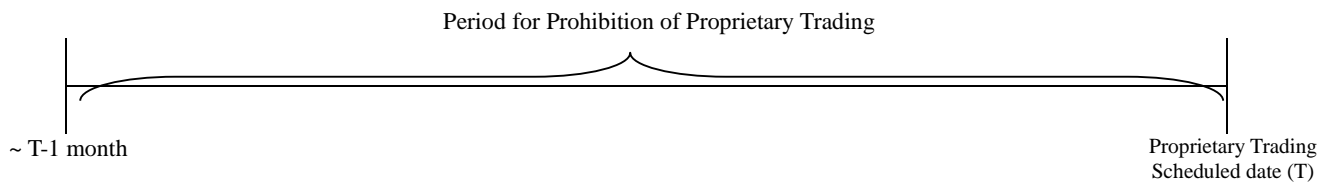
(2) Period set forth in the proviso to Item 1



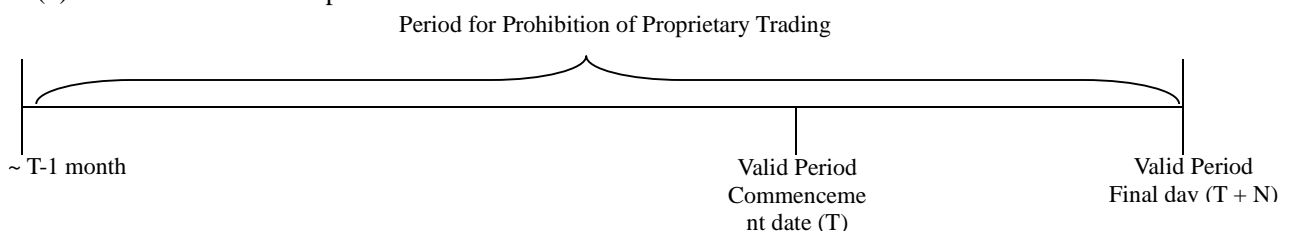
\* The Valid Period of Approval is for N days (the same shall apply to 2. (2)).

2. Period for Prohibition of Proprietary Trading for Analysts (Article 7, Paragraph 2, Item 2 of the Rules)

(1) Period set forth in the main clause of Item 2



(2) Period set forth in the proviso to Item 2



# By-laws Concerning Rules on Operations by Officers and Employees, etc. to Trade Shares, etc. on Their Own Accounts

Established on October 15, 2009

## Article 1. Purpose

These By-laws provide for matters necessary for the enforcement of the Rules on Operations by Officers and Employees, etc. to Trade Shares, etc. on Their Own Accounts (hereinafter referred to as the “Rules”).

## Article 2. Not Categorized as Proprietary Trading

Transactions not falling under proprietary trading pursuant to Article 2, Paragraph 3 of the Rules shall be as follows:

- (1) Acquisition of shares, etc. through subscription to an employee stock ownership plan, etc.
- (2) Acquisition of shares, etc. through subscription to a defined contribution pension plan;
- (3) Exercising options, over-the-counter options or stock options granted by the Company as remuneration or bonus, etc.

## Article 3. Matters to Be Established in Internal Rules

The matters provided in the Internal Rules prescribed in Article 3, Paragraph 1 of the Rules shall be as follows:

- (1) Procedures for the Person in Charge of Screening for Proprietary Trading prescribed in Article 3, Paragraph 2 of the Rules to conduct proprietary trading under Article 2, Paragraph 3 of the Rules;
- (2) Procedures to confirm that an act does not fall under prohibited acts prescribed in Article 4 of the Rules;
- (3) Form of application prescribed in Article 6 of the Rules (including the date of application, the name of the securities company and the name of the transaction account, the issue, the quantity, distinction of selling or buying), the method of procedures, and the Valid Period of Approval;
- (4) Matters screened as prescribed in Article 7 of the Rules;
- (5) Confirmation procedures prescribed in Article 8 of the Rules;
- (6) Reporting procedures prescribed in Article 9 of the Rules;
- (7) Other necessary matters based on the circumstances of services and internal systems, etc.

## Article 4. Application and Approval of Cumulative Investment Contract

The application and approval of the acquisition of shares, etc. under the Cumulative Investment Contract as prescribed in Article 6 of the Rules shall be made when applying for the Cumulative Investment Contract or when changing the contents of such contract (e.g. any changes to the amount of investment or the issue thereof, suspension or resumption of purchase).

## Article 5. Transactions Not Requiring Confirmation and Reporting

The transactions set forth in the By-laws prescribed in the proviso to Article 8, Paragraph 1 of the Rules shall be transactions for acquisition under the Cumulative Investment Contract for shares, etc.

#### Supplementary Provisions

1. These By-laws shall come into effect from October 15, 2009.

However, the provisions of Articles 2 and 3 shall apply from January 18, 2010.

2. Notwithstanding the proviso to 1. above, Full Members shall not be precluded from operating under the provisions of Articles 2 and 3 before the date of application.



# Rules on Processing Complaints for Full Members' Handling of Personal Information

Established on April 27, 2005  
Revised on July 15, 2005  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on March 19, 2009  
Revised on December 20, 2012  
Revised on May 18, 2017  
Revised on April 18, 2019  
Revised on May 20, 2021  
Revised on November 18, 2022

## Article 1. Purpose

These Rules provide for matters necessary for procedures, etc. to process complaints concerning the handling of personal information by Full Members (meaning Full Members as stipulated in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter ) of the Investment Trusts Association, Japan (hereinafter referred to as the “Association”).

## Article 2. Scope of Complaints Handled

The Association shall process complaints concerning the handling of personal information pertaining to the investment management business conducted by Full Members (limited to the business set forth in Article 2, Paragraph 8, Items 12 (a) and 14 of the Financial Instruments and Exchange Act (hereinafter referred to as the “FIEA”; Act No. 25 of 1948 ) ), business pertaining to the investment trusts managed without instructions from the settlor, and the business set forth in Article 2, Paragraph 8, Item 7 of the FIEA pertaining to beneficiary certificates, etc. (meaning beneficiary certificates, investment securities, and investment corporation bond certificates) (hereinafter referred to as “Complaints Concerning the Handling of Personal Information”).

## Article 3. Basic Attitude

In processing Complaints Concerning the Handling of Personal Information, the Association shall maintain a fair and impartial attitude and endeavor to resolve such complaints promptly and in a highly transparent manner from a fair and neutral standpoint.

## Article 4. Complaint Advisor

1. In order to process Complaints Concerning the Handling of Personal Information, the Association shall appoint a complaint advisor at its secretariat.
2. In order to facilitate the appropriate processing of Complaints Concerning the Handling of Personal Information, the Association shall endeavor to educate complaint advisors through training, etc.

Article 5. Complaint Processing Procedures

1. When a resolution of a Complaint Concerning the Handling of Personal Information by the Full Member has been filed by a complainant, etc. (meaning a complainant and an agent who is delegated by the complainant), the Association shall give necessary advice to such complainant upon consultation, investigate the circumstances pertaining to such complaint, and notify the Full Member of the contents of the complaint requesting such Full Member to promptly resolve this matter.
2. When receiving an oral complaint under the preceding paragraph, the Association may request the complainant to submit relevant documents as necessary.

Article 6. External Opinion Hearing System

In the event that a hearing of opinions by a third-party is desired for the resolution of a Complaint Concerning the Handling of Personal Information prescribed in Paragraph 1 of the preceding article that was filed by a complainant, etc., the Association may hear opinions, as necessary, from a fair third-party such as an attorney at law, etc.

Article 7. Submission of Materials, etc.

1. The Association may request a Full Member to provide a written or oral explanation or to submit materials when deemed necessary for the resolution of a complaint pertaining to the complaint under the preceding article.
2. A Full Member may not refuse any request from the Association pursuant to the provisions of the preceding paragraph without justifiable grounds.

Article 8. Responsibilities of Full Members

1. When receiving notification of any Complaint Concerning the Handling of Personal Information from the Association under the provisions of Article 5, Paragraph 1, the Full Member shall respond in good faith and endeavor to resolve such complaint.
2. Full Members shall report to the Association the background and outcome of their response to any complaints notified by the Association under the provisions of Article 5, Paragraph 1.

Article 9. Explanation to Complainant

At the request of the complainant, the Association shall explain to such complainant the result of the response by the Full Member as reported in accordance with the provisions in Paragraph 2 of the preceding article. Provided, however, that this shall not apply when an explanation from the Full Member is considered to be appropriate.

Article 10. Notification of Reception Desk for Members

1. In order to smoothly process Complaints Concerning the Handling of Personal Information, Full Members shall notify the Association of the reception desk dealing with such complaints via “Electronic Notification and Storage System for Notifications from Members of the Association (hereinafter referred to as the

- “Notification Management System of Investment Trusts Association”)” using Attached Form 1.
2. Any changes to the reception desk set forth in the preceding paragraph shall be notified to the Association via the Notification Management System of Investment Trusts Association using Attached Form 2.

Article 11. Reception Desk Processing Complaints

The business pertaining to processing Complaints Concerning the Handling of Personal Information prescribed in Article 5 shall be handled by the **Member Supervision and Investigation Office**.

Article 12. Bearing of Costs

The Association shall not collect any fees for processing Complaints Concerning the Handling of Personal Information from the complainant. However, any communication expenses, etc. required for procedures, etc. to be filed by the complainant shall be borne by the complainant.

Article 13. Retention of Records on Outcome of Complaint Processing, etc.

1. The Association shall record and retain the reception status of Complaints Concerning the Handling of Personal Information and the outcome of the response thereto.
2. The period to retain records, etc. prescribed in the preceding paragraph shall be 5 years.

Article 14. Publication of Aggregated Outcome of Complaint Processing

The Association shall periodically make public the aggregated outcomes of complaint processing.

Article 15. Confidentiality

The complaint advisor or a person who served in the capacity thereof shall not divulge to others or misappropriate any secret learned in the course of processing Complaints Concerning the Handling of Personal Information without justifiable grounds.

Article 16. Auditing of Complaint Processing

The Association shall audit for the Member Supervision and Investigation Office, which handles the business pertaining to processing Complaints Concerning the Handling of Personal Information.

Audits in these cases shall be performed by an audit supervisor who is designated in advance from employees outside of the Member Supervision and Investigation Office.

Article 17. Others

Any matters not provided for in these Rules regarding procedures for processing complaints from investors concerning the handling of personal information by Full Members may be decided by resolution of the Board of Directors.

Supplementary Provision

These Rules shall come into effect on the day that the Association obtains certification from an accredited personal information protection organization under the provisions of Article 37, Paragraph 1 of the Act on the Protection of Personal Information. (Implemented on July 1, 2005)

Supplementary Provision

This amendment shall come into effect on July 15, 2005.

Supplementary Provision

This amendment shall come into effect on January 19, 2007.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on January 4, 2013.

Supplementary Provision

This amendment shall come into effect on May 30, 2017.

\* The amended Articles are as follows:

- Article 16 has been newly established and the former Article 16 have been amended to Article 17.

Supplementary Provision

This amendment shall come into effect on May 1, 2019.

\* Necessary arrangement in connection with the change of era name

Supplementary Provision

This amendment shall come into effect on June 1, 2021.

\* The amended Articles are as follows:

- Article 10, Paragraphs 1 and 2
- Attached Form 1 and Attached Form 2 specified in the respective paragraphs of the same Article.

### Supplementary Provision

This amendment shall come into effect on November 18, 2021.

\* The amended Articles are as follows:

- Article 11 and Article 16,

Attached Form 1

Application Date	MM/DD/YYYY
------------------	------------

To: Chairperson of the Investment Trusts Association, Japan

Trade Name or Name	
Representative	

### Notification of Reception Desk for Complaints Concerning the Handling of Personal Information

We hereby notify you of the reception desk for complaints pursuant to Article 10, Paragraph 1 of the Rules on Processing Complaints for Full Members' Handling of Personal Information

Department Receiving Complaints	
Telephone Number	
Title of Contact	
Name of Contact (Reading)	
Name of Contact	

Attached Form 2

Application Date	MM/DD/YYYY
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To: Chairperson of the Investment Trusts Association, Japan

Trade Name or Name	
Representative	

### Notification of Changes to Reception Desk for Complaints Concerning the Handling of Personal Information

We hereby notify you of the changes in the reception desk for complaints pursuant to Article 10, Paragraph 2 of the Rules on Processing Complaints for Full Members' Handling of Personal Information

	After Change	Before Change
Department Receiving Complaints		
Telephone Number		
Title of Contact		
Name of Contact (Reading)		
Name of Contact		

Date of Change	MM/DD/YYYY
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# Rules for Registration, etc. of Sales Representatives

Established June 10, 2021  
Revised on January 20, 2022

## Article 1. Purpose

The purpose of these Rules is to provide for procedures for the registration application of Sales Representatives, refusal requirements for registration, and dispositions of Sales Representatives, etc. in connection with the entrusted services to register Sales Representatives under Article 64-7, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”) as applied mutatis mutandis pursuant to Article 66-25 of such Act, thereby ensuring the proper and smooth operation of the Sales Representative Registration System.

## Article 2. Definition

“Sales Representative” in these Rules shall mean an officer or employee (hereinafter referred to as the “Employees, etc.”) engaged in the Financial Instruments Intermediary Service conducted by a Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation (hereinafter referred to as the “Financial Instruments Intermediary Service”) who performs for a Full Member the acts set forth in any of the items in Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of the FIEA (hereinafter referred to as the “Duties of a Sales Representative”).

## Article 3. Obligation to Register Sales Representatives

If a Full Member lets the Employees, etc. of a Financial Instruments Intermediary Service Provider perform the duties of a Sales Representative pertaining to the Financial Instruments Intermediary Service, the Full Member shall register such person’s name, date of birth and other matters stipulated in the By-laws in the Sales Representative Registry (hereinafter referred to as the “Registry”) provided by the Association.

\* Article 2 of the By-laws

## Article 4. Qualification Requirements for Registration of Sales Representative

The Association shall handle the Employees, etc. of a Financial Instruments Intermediary Service Provider who fall under any of the following items as persons qualified to register as Sales Representatives:

- (1) A person who has passed the Class-1 Sales Representative Qualification Exam pursuant to Rules Concerning Qualification Examination for Sales Representatives, etc., established by the Japan Securities Dealers Association (hereinafter referred to as the “Rules for Qualification Examination by JSDA”);
- (2) A person who has passed Class-2 Sales Representative Qualification Exam pursuant to the Rules for



Qualification Examination by JSDA.

Article 5. Sales Representative Qualifications

Full Members may not obtain registration for any person who is not qualified to register as a Sales Representative as provided for in the preceding article.

Article 6. Prohibition of Duties of Unqualified Sales Representatives

Full Members shall not let the Employees, etc. of a Financial Instruments Intermediary Service Provider perform the duties of Sales Representative prescribed in Article 2 unless such person satisfies the requirements set forth in the preceding article.

Article 7. Rescission of Sales Representative Qualifications and Disposition for the Suspension of Qualification Requirements

1. When the result of the examination of reported details from Full Members pursuant to Article 7 of the Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services (hereinafter referred to as the “Service Rules”) indicate that a Sales Representative (including a person who was formerly a Sales Representative; hereinafter the same shall apply in this Article) has violated any laws or regulations in connection with the duties of a sales representative or business incidental thereto or has committed any other extremely inappropriate acts in connected to such duties, the Association shall rescind the sales representative qualifications prescribed in Article 5 (hereinafter referred to as the “Disposition to Rescind Sales Representative Qualifications” in this Article) or suspend the validity of the sales representative qualifications requirements for a period not longer than 2 years (hereinafter referred to as the “Disposition for the Suspension of Sales Representative Qualification Requirements” in this Article).
2. When a person who has become subject to a disposition for the suspension of Sales Representative qualification requirements under the preceding paragraph falls under any of the following items, the Association shall rescind such representative’s qualifications as a Sales Representative:
  - (1) When a person who has become subject to a disposition for the suspension of sales representative qualification requirements for a period exceeding 1 month is then, within 5 years from the date that decision was issued, subject to another suspension of sales representative qualification requirements for which the suspension period exceeds 1 month;
  - (2) When a person who has become subject to a disposition for the suspension of sales representative qualification requirements is then, within 5 years from the date that decision was issued, subject to another suspension of sales representative qualification requirements and during this suspension period is subject to further disposition for suspension of sales representative qualification requirements.
3. Full Members shall not let any person who has become subject to disposition to rescind sales representative qualifications pursuant to the provisions of the Paragraph 1 or 2 or Article 14 herein perform the duties of a Sales Representative for 5 years from the date this decision was issued.
4. Full Members shall not let any person who has become subject to suspension of sales representative qualification requirements pursuant to the provisions of the Paragraph 1 or Article 14 herein perform the

duties of a Sales Representative during the period in which the validity of these sales representative qualification requirements are suspended.

Article 8. Disposition Procedures, etc.

The matters necessary for the disposition to rescind sales representative qualifications and the disposition for the suspension of sales representative qualification requirements prescribed in the preceding article shall be stipulated in the Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Article 9. Applying for Registration of Sales Representative

1. When a Full Member intends to register a Sales Representative in accordance to Article 3, such Full Member shall submit to the Association an application for registration stating the following matters using the “Electronic Notification and Storage System for Notifications from Members of the Association” (hereinafter referred to as the “Notification Management System of Investment Trusts Association”):

- (1) The trade name or name of the Full Member applying for registration (hereinafter referred to as the “Member for Registration Application”) and the name of its representative;
- (2) The following matters regarding the Sales Representative pertaining to the application for registration:
  - (a) Name, date of birth, and gender;
  - (b) Trade name or name of the Financial Instruments Intermediary Service Provider and the name of its representative;
  - (c) Distinction of officers or employees;
  - (d) Date of passing the Class-1 or Class-2 Sales Representative Qualification Exam pursuant to the Rules for Qualification Examination by JSDA;
  - (e) Whether the person enrolled in sales representative recertification training conducted by the Japan Securities Dealers Association, and if so, the date of completion for the sales representative recertification training course most recently enrolled in;
  - (f) Whether the person has served as a sales representative (including duties as a sales representative prescribed in Article 75, Paragraph 2 of the Act on the Provision of Financial Services (hereinafter referred to as the “Financial Services Act”)) and, for those who have served as a sales representative, the period in which such duties were performed and trade name or name of the Financial Instruments Business Operator or Registered Financial Institution (hereinafter referred to as “Financial Instruments Business Operator, etc.”), the Financial Instruments Intermediary Service Providers, or Financial Service Intermediary Provider (meaning a Financial Service Intermediary Provider as set forth in Article 11, Paragraph 6 of the Financial Services Act; the same shall apply hereinafter) to which they belonged;
  - (g) Whether the person has served duties of the Financial Instruments Intermediary Service or Securities, etc. Intermediary Business Operations (meaning Securities, etc. Intermediary Business Operations as defined in Article 11, Paragraph 4 of the Financial Services Act ; the same shall apply hereinafter) and, for those who have served duties of the Financial Instruments Intermediary

Service or Securities, etc. Intermediary Business Operations, the period in which such duties were performed;

(h) Whether the person engaged in the Financial Instruments Business, and if so, the period during which the person has engaged in this business;

2. The curriculum vitae or extract of residence certificates for the Sales Representative intending to obtain registration or documents in lieu thereof and other documents stipulated by the By-laws shall be appended to the application for registration.

\* Articles 3 and 5 of the By-laws

#### Article 10 Inquiry to the Association

1. If a person who intends to register as a Sales Representative pursuant to the provisions in the preceding article was an Individual Financial Instruments Intermediary Service Provider during the past 5 years (meaning an Individual Financial Instruments Intermediary Service Provider as stipulated in Article 4, Item 3 of the Rules for Financial Instruments Intermediary Service Providers; the same shall apply hereinafter), is currently an Individual Financial Instruments Intermediary Service Provider, was a Sales Representative of a Financial Instruments Intermediary Service Provider during the past 5 years, or is currently a Sales Representative of a Financial Instruments Intermediary Service Provider, the Full Member shall inquiry to the Association whether such person has been subject to a disposition by the Association.
2. When receiving the inquiry pursuant to the preceding paragraph, the Association shall respond to the member without delay regarding whether a disposition has been issued for such person during the 5 years prior to the inquiry date and a summary thereof.

#### Article 11. Registration and Notice of Registration

1. If a Full Member has applied for registration pursuant to the provisions of Article 9, Paragraph 1, the Association shall immediately register the matters set forth in Article 3 in the Registry, except in cases falling under the provisions of Paragraph 1 of the following article.
2. When registering matters pursuant to the preceding paragraph, the Association shall notify the member for the registration application in writing to that effect without delay.

#### Article 12. Refusal of Registration

1. The Association shall refuse registration of any Sales Representative in the application for registration who falls under any of the following items or who has made a false statement or failed to state a material fact in the application for registration or any attached documents:
  - (1) A person specified in Article 29-4, Paragraph 1, Item 2 (a) through (i) of the FIEA;
  - (2) A person whose registration as a Sales Representative has been rescinded as prescribed in Article 64-5 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of the FIEA and Article 77 of the Financial Services Act or the provisions of Article 14, Paragraph 1 of these Rules, and for whom 5 years have not passed since the date of such rescission;
  - (3) A person registered as a Sales Representative belonging to a Financial Instruments Business Operator,

etc., Financial Instruments Intermediary Service Provider, or Financial Service Intermediary Provider that is not a member for the registration application;

(4) A person registered under Article 66 of the FIEA or a person registered under Article 12 of the Financial Services Act (limited to the category of Securities, etc. Intermediary Business Operations)

2. When the Association intends to refuse registration pursuant to the preceding paragraph, the Association shall notify such member for registration application and conduct a hearing in accordance with the provisions of the By-laws.
3. If the Association refuses registration as a result of the hearing pursuant to the preceding paragraph, the Association shall notify the member for the registration application in writing to that effect without delay.

\* Article 4, Paragraph 1 of the By-laws

#### Article 13. Notification of Changes, etc. to Registered Matters

1. When any of the following facts have occurred with respect to a Sales Representative who has been registered pursuant to Article 9, Paragraph 1, the Full Member shall, without delay, notify the Association to that effect in the predetermined format using the Notification Management System of Investment Trust Association:

- (1) When there have been changes to any of the matters set forth in Article 9, Paragraph 1, Item 2, (a) and (b);
- (2) When anything falls under any of the provisions of Article 64-4, Items 2 or 3 of the FIEA applied mutatis mutandis pursuant to Article 66-25 of such Act;
- (3) When a person ceases to perform the duties of a Sales Representative due to retirement or any other reasons.

2. If a Sales Representative has caused customers loss due to misconduct as stipulated in Article 5 of the Service Rules, a Full Member who intends to make a notification therefor pursuant to Item 3 of the preceding paragraph shall submit to the Association an accident report as stipulated in Article 7 of such Service Rules using the Notification Management System of Investment Trusts Association.

\* Article 5 of the By-laws

#### Article 14. Disposition of Sales Representatives

1. If a registered Sales Representative falls under any of the following items, the Association may rescind the registration thereof or suspend the duties of a Sales Representative for a period not longer than 2 years:

- (1) When the person falls under any provision in Article 29-4, Paragraph 1, Item 2, (a) to (i) of the FIEA, or when it's discovered that at the time of registration the person already fell under any of the items in Article 12, Paragraph 1;
- (2) When the person has violated any laws or regulations in connection with the duties of a Sales Representative pertaining to the Financial Instruments Intermediary Service or business incidental thereto or has conducted any other acts deemed extremely inappropriate in connected to these duties;
- (3) In the event that registration has been deleted pursuant to Article 17, Paragraph 1, Item 3 during the past 5 years, when it's discovered that any act committed while registered (limited to such act during the past 5 years) falls under the preceding item.

2. When the Association intends to issue a disposition pursuant to the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs and conduct a hearing in accordance with the provisions of the By-laws.
3. If the Association has disposed of the Sales Representative as a result of the hearing pursuant to the provisions in the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs without delay, detailing the reason therefor in writing.

\* Article 4, Paragraph 2 of the By-laws

#### Article 15. Publication of Disposition of Sales Representatives

When making the notification set forth in Paragraph 3 of the preceding article, the Association shall make public the contents of the disposition pertaining to the Sales Representative in accordance with the following items:

- (1) Subject of Public Announcement: Recommendations made by the Securities and Exchange Surveillance Commission under Article 20, Paragraph 1 of the Act for Establishment of the Financial Services Agency;
- (2) Contents of Public Announcement: Name and title of affiliated Financial Instruments Intermediary Service Provider, outline of the violation of Laws and Regulations, etc., and the contents of the disposition.

#### Article 16. Training for Subjects of Disposition

Full Members shall promptly have any person who has become subject to suspension of sales representative qualification requirements pursuant to the Article 7 Paragraph 1 herein or who has become subject to suspension of the duties of a Sales Representative pursuant to Article 14, Paragraph 1 herein enroll in training designated by the Association.

#### Article 17. Deletion of Registration

1. In the event of the following cases, the Association shall delete the registration of the Sales Representative from the Registry:
  - (1) When the registration of a Sales Representative is rescinded pursuant to the provisions of Article 14, Paragraph 1;
  - (2) When the Full Member to which such Sales Representative belongs loses its membership qualification for the Association;
  - (3) When the fact is ascertained that such person ceases to perform the duties of a Sales Representative due to retirement or any other reasons.
2. When deleting the registration of a Sales Representative pursuant to the provisions of Items 2 or 3 of the preceding paragraph, the Association shall notify the Full Member to which such Sales Representative belongs in writing to this effect without delay.

Article 18. Notification of Registration Work

In the cases of registration prescribed in Article 11, Paragraph 1, changes to the registration pertaining to notification prescribed in Article 13, disposition prescribed in Article 14, Paragraph 1 (excluding rescission of registration) or deletion of registration prescribed in the preceding article, the Association shall, without delay, submit a document stating the following matters to the Director-General of the Local Finance Bureau having jurisdiction over the location of the headquarters or principal business office of the Full Member to which such Sales Representative belongs (or to the Director-General of the Fukuoka Local Finance Branch Bureau if located within the jurisdiction of the Fukuoka Local Finance Branch Bureau):

- (1) Trade name or name of the Full Member to which such Sales Representative belongs;
- (2) Name and date of birth of the Sales Representative;
- (3) Contents of the registration work handled and the date handled;
- (4) If the contents of the registration work set forth in the preceding item is subject to a disposition for suspension of duties or deletion of registration, the reason therefor.

Article 19. Payment of Registration Fee

1. When a Full Member intends to obtain registration of a Sales Representative pursuant to Article 11, Paragraph 1, such Full Member shall pay to the Association the registration fee set forth in Article 256 of Cabinet Office Order on Financial Instruments Business, etc.
2. The registration fees in the preceding paragraph shall be, in principle, paid in cash at the time the application for registration is submitted.

Article 20. Enrollment in Sales Representative Recertification Training, etc

1. Full Members shall have registered Sales Representatives (limited to persons whose qualification requirements fall under Article 5; the same shall apply in this Article and the following article) enroll in a sales representative recertification training course (hereinafter referred to as the "Recertification Training") within 1 year from the first day of the month every fifth year based on the date of registration thereof (hereinafter referred to as the "Sales Representative Registration Date"). Provided, however, that this shall not apply to any person set forth in the By-laws.
2. When any person not registered as a Sales Representative has been newly registered as a Sales Representative, the Full Member shall have such person enroll in the recertification training in the preceding paragraph within 180 days after the sales representative registration date. Provided, however, that this shall not apply to any person set forth in the By-laws.
3. The Association shall suspend all sales representative qualifications of any person who has not completed the recertification training within the period stipulated in the preceding two paragraphs on the day following the final day of this period (referred to hereinafter as the "Compulsory Enrollment Period") and shall notify the Full Member to which such person belongs to that effect.
4. A Full Member shall not let a person whose qualifications as a Sales Representative has been suspended pursuant to the preceding paragraph perform the duties of a Sales Representative until such suspension is cancelled.

5. A Full Member may have any person who has not completed the recertification training by the compulsory enrollment period enroll in such training within 180 days from the day after the compulsory enrollment period (hereinafter referred to as the “Grace Period”).
6. The Association shall cancel the suspension of sales representative qualifications for any person who has completed the recertification training pursuant to the preceding paragraph on the date of completion, and shall notify the Full Member to which such person belongs to that effect.
7. If a person fails to complete the recertification training during the grace period (including cases where the registration of a Sales Representative is deleted during the grace period), the Association shall rescind all sales representative qualifications and notify the Full Member to which such person belongs to that effect.

\* Article 6 of the By-laws

#### Article 21. Enrollment in In-House Training

Full Members shall have registered Sales Representatives enroll in annual in-house training to improve their credentials as Sales Representatives, in addition to the recertification training.

#### Article 22. Delegation to By-laws

Necessary matters for the enforcement of these Rules shall be stipulated in the By-laws.

#### Supplementary Provisions

These Rules shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

#### Supplementary Provisions

This amendment shall come into effect on January 20, 2022.

\* The amended Articles are as follows:

- Article 9, Paragraph 1, Item 2-(f) and 2-(g) are amended.
- Article 12, Paragraph 1, Items 2 through 4 are amended.

# By-laws Concerning Rules on Registration, etc. of Sales Representatives

Established on June 10, 2021

## Article 1. Purpose

These By-laws provide for matters necessary for the enforcement of the Rules on Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules”).

## Article 2. Matters to Be Stated in Registry

The matters to be specified in the By-laws prescribed in Article 3 of the Rules shall be as follows:

- (1) Trade name or name of the member applying for the registration and the name of its representative;
- (2) The following matters regarding the Sales Representative pertaining to the application for registration:
  - (a) Name, date of birth, and gender;
  - (b) Trade name or name of the Financial Instruments Intermediary Service Provider and the name of its representative;
  - (c) Distinction of officers or employees;
  - (d) Date of passing Class-1 or Class-2 Sales Representative Qualification Exam pursuant to the Rules Concerning Qualification Examination for Sales Representatives, etc., established by the Japan Securities Dealers Association;
  - (e) Whether the person enrolled in sales representative recertification training conducted by the Japan Securities Dealers Association, and if so, the date of completion for the sales representative recertification training course most recently enrolled in;
  - (f) Whether the person has performed the duties of a Sales Representative, and if so, the trade name or name of the Financial Instruments Business Operator or Registered Financial Institution (hereinafter referred to as the “Financial Instruments Business Operator, etc.”) or the Financial Instruments Intermediary Service Provider to which the person belonged and the period in which such duties were performed;
  - (g) If a disposition was imposed for the suspension of the duties of a Sales Representative pursuant to the provisions of Article 64-5, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”) as applied mutatis mutandis pursuant to Article 66-25 of the FIEA and the provisions of Article 14, Paragraph 1 of the Rules, the date, reason and duration of such disposition;
  - (h) Whether the person engaged in the Financial Instruments Intermediary Service, and if so, the period during which such person has engaged in these services.

## Article 3. Procedures for Registration Application, etc.

The applicant for the registration prescribed in Article 9 of the Rules shall be the Full Member Representative.



Article 4. Procedures for Hearings, etc.

1. When conducting the hearing prescribed in Article 12, Paragraph 2 of the Rules, the Association shall notify the Full Member Representative in writing stating the date, location, and outline of the hearing.
2. When conducting the hearing prescribed in Article 14, Paragraph 2 of the Rules, the Association shall notify the Financial Instruments Intermediary Service Provider in writing through the Full Member stating the date and location of the hearing and the content of the anticipated adverse disposition, and the necessary matters shall be provided for in the Rules on Dispositions of Members and Sales Representatives of Financial Instruments Intermediary Service Providers, etc.

Article 5. Form of Application, etc. for Registration

1. Notification under Article 9 and the provisions of each item of Article 13, Paragraph 1 of the Rules shall be as set forth in the following items:
  - (1) Application for Registration of Sales Representatives prescribed in Article 9 of the Rules; Attached Form No. 1
  - (2) For cases falling under Article 13, Paragraph 1, Item 1 of the Rules: Attached Form No. 2
  - (3) For cases falling under Article 13, Paragraph 1, Item 2 of the Rules: Attached Form No. 3
  - (4) For cases falling under Article 13, Paragraph 1, Item 3 of the Rules: Attached Form No. 4
2. When submitting the application for registration of Sales Representatives pertaining to Item 1 of the preceding paragraph, a document in which the Sales Representative and the member who made the application for registration pledges that the Sales Representative in the application for registration does not fall under any of the items of Article 64-2, Paragraph 1 of the FEIA as applied mutatis mutandis pursuant to Article 66-25 of the FEIA (documents stipulated in the By-laws prescribed in Article 9, Paragraph 2 of the Rules) shall be affixed using Attached Form 5.

Article 6. Special Provisions for Qualification Renewal Training

The persons provided for in the By-laws prescribed in the proviso to Article 20, Paragraphs 1 or 2 of the Rules shall be the persons set forth in the following items:

- (1) A person who has, within 2 years prior to the first day of the period stipulated in Article 20, Paragraphs 1 or 2 of the Rules, passed the qualification exam conducted by the Japan Securities Dealers Association or has completed a sales representative recertification training course conducted by the Association;
- (2) A person whose enrollment in a recertification training course is deemed difficult by the Association due to unavoidable circumstances (This may be subject to certain conditions as deemed necessary by the Association.).

Supplementary Provision

These By-laws shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to the Articles of Incorporation.

Attached Form No. 1

Application Date MM/DD/YYYY

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

Application for Registration of Sales Representative

As I would like to obtain registration for a Sales Representative, I hereby apply for registration in accordance with the provision in Article 3 of the Rules on Registration, etc. of Sales Representatives as shown in the attachment.

(Attachment: Application for Registration of Sales Representative)

### Application for Registration of Sales Representative

No.	Application Date (Mandatory)	Member No. (Mandatory)	Last Name (Mandatory)	Last Name (Kana) (Mandatory)	First Name (Mandatory)	First Name (Kana) (Mandatory)	Gender (Mandatory)	Date of Birth (Mandatory)	Distinction of Officers or Employees (Mandatory)	Sales Representative Qualification Exam	Accreditation	Remarks on Qualification Obtainment Procedure (Mandatory)	Date of Qualification (Accreditation) (Mandatory)	Reason	Date of Qualification Renewal Training	Name of Intermediary Service Provider	Intermediary Service Provider's Number	Representative of Intermediary Service Provider	Sales Representative	Record of Disposition	
1																					
2																					

Number	Sales Representative Number	Member No.	Intermediary Service Provider's Number	From	To
1					
2					

Attached Form No. 2

Application Date MM/DD/YYYY

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

Notification of Change of Registered Matters for Sales Representatives

I hereby notify the following change(s) as stated in the Attachment pursuant to the provisions of Paragraph 1 of Article 13 of the Rules on Registration, etc. of Sales Representatives.

(Attachment: Notification of Change of Registered Matters for Sales Representatives)

### Notification of Change of Registered Matters for Sales Representatives

No.	Application Date (Mandatory)	Member No. (Mandatory)	Last Name (Mandatory)	Last Name (Kana) (Mandatory)	First Name (Mandatory)	First Name (Kana) (Mandatory)	Gender (Mandatory)	Date of Birth (Mandatory)	Distinction of Officers or Employees (Mandatory)	Name of Intermediary Service Provider	Intermediary Service Provider's Number	Representative of Intermediary Service Provider	Changed Items	Before Change	After Change
1															
2															



Attached Form No. 3

Application Date YYYY/MM/DD

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

### Notification of Disqualification of Registered Sales Representatives

Since it has been found that the person specified in the Attachment falls under the provisions of Article 29-4, Paragraph 1, Item 2 (a) through (g) of the FIEA, I hereby notify thereof in accordance with the provisions of Article 13, Paragraph 1 of the Rules on Registration, etc. of Sales Representatives.

(Attachment: Notification of Disqualification)

### Notification of Disqualification of Registered Sales Representatives

No.	Application Date <small>(Mandatory)</small>	Member No. <small>(Mandatory)</small>	Last Name <small>(Mandatory)</small>	Last Name (Kana) <small>(Mandatory)</small>	First Name <small>(Mandatory)</small>	First Name (Kana) <small>(Mandatory)</small>	Gender <small>(Mandatory)</small>	Date of Birth <small>(Mandatory)</small>	Distinction of Officers or Employees <small>(Mandatory)</small>	Name of Intermediary Service Provider	Intermediary Service Provider's Number	Representative of Intermediary Service Provider	Disqualification
1													
2													





Attached Form No. 4

Application Date MM/DD/YYYY

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

### Notification of Discontinuance of Duties of Registered Sales Representative

Since the person specified in the Attachment ceases to perform the duties of a Sales Representative, I hereby notify thereof in accordance with the provisions of Article 13, Paragraph 1 of the Rules on Registration, etc. of Sales Representatives.

(Attachment: Notification of Discontinuance of Duties)

### Notification of Discontinuance of Duties of Registered Sales Representative

No.	Application Date (Mandatory)	Member No. (Mandatory)	Last Name (Mandatory)	Last Name (Kana) (Mandatory)	First Name (Mandatory)	First Name (Kana) (Mandatory)	Gender (Mandatory)	Date of Birth (Mandatory)	Distinction of Officers or Employees (Mandatory)	Name of Intermediary Service Provider	Intermediary Service Provider's Number	Representative of Intermediary Service Provider	Cancellation Date	Reason for Cancellation
1														
2														



**Written Pledge**

Date: MM/DD/YYYY

(Sales Representative) Name \_\_\_\_\_  
 Date of Birth \_\_\_\_\_  
 (Registration Applicant) Location \_\_\_\_\_  
 Trade Name or Name \_\_\_\_\_  
 Name of Representative \_\_\_\_\_

We, hereby, pledge that the Sales Representative \_\_\_\_\_ does not fall under any of the categories of persons listed below:

1. An adult ward or a person under curatorship or a person who is treated the same as such a person under the laws and regulations of a foreign state;
2. A person that has become subject to an order to commence bankruptcy proceedings and has not obtained a restoration of rights, or a person that is treated in the same manner under foreign laws and regulations;
3. A person who has been sentenced to imprisonment or a severer punishment (including an equivalent punishment under the laws and regulations of a foreign state), if 5 years have not yet passed since the date on which that person finished serving the sentence or ceased to be subject to its enforcement;
4. A person that, during the 30 days prior to the date of rescission, was the officer of a corporation, in a case in which a corporation was a Financial Instruments Business Operator but has had the registration referred to in Article 29 of the Financial Instruments and Exchange Act (hereinafter referred to as the "FIEA") rescinded pursuant to the provisions of Article 52, Paragraph 1, Article 53, Paragraph 3, or Article 57-6, Paragraph 3 of the FIEA; in a case in which a corporation was an Authorized Firm for On-Exchange Transactions prescribed in Article 60-4, Paragraph 1 of the FIEA but has had the permission referred to in Article 60, Paragraph 1 of the FIEA rescinded pursuant to the provisions of Article 60-8, Paragraph 1 of the FIEA; in a case in which a corporation was a Financial Instruments Intermediary Service Provider but has had the registration referred to in Article 66 of the FIEA rescinded pursuant to the provisions of Article 66-20, Paragraph 1 of the FIEA; in a case in which a corporation was a credit rating agency but has had its registration referred to in Article 66-27 of the FIEA rescinded pursuant to the provisions of Article 66-42, Paragraph 1 of the FIEA; and in a case in which the corporation had obtained registration or permission of the same kind in a foreign state pursuant to the provisions of a foreign law or regulation that is equivalent to the FIEA (including authorization or any other administrative disposition similar to such registration or permission), but has had that registration or permission rescinded; if 5 years have not yet passed since the date of the rescission;
5. An individual who was a Financial Instruments Business Operator but has had the registration referred to in Article 29 of the FIEA rescinded pursuant to the provisions of Article 52, Paragraph 1 of the FIEA; or an individual who was a Financial Instruments Intermediary Service Provider but has had the registration referred to in Article 66 of the FIEA rescinded pursuant to the provisions of Article 66-20, Paragraph 1 of the FIEA; or an individual that had obtained registration of the same kind in a foreign state under the provisions of a foreign law and regulation equivalent to the FIEA (including permission or any other administrative disposition similar to such registration) or that had obtained permission of the same kind as the permission referred to in Article 60, Paragraph 1 of the FIEA (including permission or any other administrative disposition that is similar to such permission) but has had that registration or permission of the same kind rescinded; if 5 years have not yet passed since the date of the rescission;
6. A person falling under the category of an officer who has been dismissed or removed under Article 52, Paragraph 2, Article 60-8, Paragraph 2, Article 66-20, Paragraph 2, or Article 66-42, Paragraph 2 of the FIEA; or an officer whose dismissal or removal has been ordered in a foreign state pursuant to the provisions of a foreign law or regulation that is equivalent to the FIEA, if 5 years have not yet passed since the date of the disposition;
7. A person who has been sentenced to a fine (including an equivalent sentence under a foreign law or regulation) for violating the provisions of the FIEA, the Secured Bond Trust Act, the Act on Engagement in Trust Business by Financial Institutions, the Commodity Derivatives Transaction Act, the Act on Investment Trusts and Investment Corporations, the Real Estate Brokerage Act, Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates, the Installment Sales Act, the Money Lending Business Act, the Act on Deposit Transaction Agreements for Specified Commodities, the Act on Regulation of Commodity Investment, the Act on Specified Joint Real Estate Ventures, the Act on Securitization of Assets, the Act on Issuance, etc. of Bonds for Financial Corporations' Loan Business, the Trust Business Act, the Patent Act, the Utility Model Act, the Design Act, the Trademark Act, the Copyright Act, the Act on the Circuit Layout of a Semiconductor Integrated Circuits, the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, the Plant Variety Protection and Seed Act, the Civil Rehabilitation Act, the Act on Recognition of and Assistance for Foreign Insolvency Proceedings, the Act on General Incorporated Associations and General Incorporated Foundations, the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations, the Corporate Reorganization Act, the Bankruptcy Act, the Companies Act, or the Act on Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32, Paragraph 2, Item 7 of the same Act) or for violating the provisions of a foreign law or regulation that is equivalent to any of these Acts, or for committing any offense under the Penal Code or the Act on Punishment of Physical Violence and Others, if 5 years have not yet passed since the date on which that person finished serving the sentence or ceased to be subject to its enforcement;
8. A person that has had a registration as Sales Representative rescinded pursuant to the provisions of Article 64-5, Paragraph 1 of the FIEA if 5 years have not yet passed since the date of the rescission;
9. A person registered as being a Sales Representative affiliated with a Financial Instruments Business Operator, Registered Financial Institution, or Financial Instruments Intermediary Service Provider;
10. A person who has been registered pursuant to the provisions of Article 66 of the FIEA.

End

# Rules on Financial Instruments Intermediary Service Providers

Established on June 10, 2021

## Article 1. Purpose

The purpose of these Rules is to provide for matters to be observed by Financial Instruments Intermediary Service Providers in connection with the entrustment of business pertaining to the Financial Instruments Intermediary Service by Full Members and to ensure the proper operation of business by such Financial Instruments Intermediary Service Providers through the instruction and supervision of Full Members, thereby contributing to the protection of investors.

## Article 2. Definition

In these Rules, the definitions of the terms set forth in the following items are as prescribed respectively in those items.

### (1) Acts of Financial Instruments Intermediation

The acts set forth in Article 2, Paragraph 11, Item 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”).

### (2) Financial Instruments Intermediary Service

Services pertaining to the acts set forth in the preceding item.

### (3) Financial Instruments Intermediary Service Provider

A Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation.

### (4) Officer

An officer of a corporate Financial Instruments Intermediary Service Provider who is in charge of the Financial Instruments Intermediary Service. (excluding Article 5)

### (5) Employee

An employee or other worker of a Financial Instruments Intermediary Service Provider who is engaged in the Financial Instruments Intermediary Service at its business office or other offices located in Japan.

### (6) Sales Representative

An officer or employee of a Financial Instruments Intermediary Service Provider who has been registered as Sales Representative of the Financial Instruments Intermediary Service Provider prescribed in Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act. (excluding Article 5)

### (7) Duties of Sales Representatives

The acts set forth in the provisions of each item of Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act in connection with acts of financial instruments intermediation. Provided, however, that a person who has passed the Class-2 Sales Representative

Qualification Exam prescribed in Article 4, Item 2 of the Rules on Registration, etc. of Sales Representatives (hereinafter referred to as “Rules on Sales Representatives”) and has been registered under Article 3 of such Rules may not perform any of the following duties as a Sales Representative:

- (a) Complex investment trusts similar to over-the-counter derivatives transactions
- (b) Leveraged investment trusts

Article 3. Strict Compliance with Laws and Regulations, etc. for Financial Instruments Intermediary Service Providers

1. Full Members shall fully inform the Financial Instruments Intermediary Service Provider of the FIEA and other relevant laws and regulations as well as the Articles of Incorporation and other rules of the Association (hereinafter referred to as the “Laws and Regulations, etc.”) and ensure compliance with them.
2. When a Full Member learns that a Financial Instruments Intermediary Service Provider has committed any act in violation of the Laws and Regulations, etc., such Full Member shall request for the Financial Instruments Intermediary Service Provider to rectify this matter.

Article 4. Execution of Service Agreement for Financial Instruments Intermediary Service

When executing a Service Agreement for the Financial Instruments Intermediary Service, Full Members shall provide for the following matters in the Service Agreement:

- (1) Financial Instruments Intermediary Service Providers and their officers or employees shall comply with the FIEA and other relevant laws and regulations.
- (2) Full Members shall instruct and supervise Financial Instruments Intermediary Service Providers so that they comply with the Articles of Incorporation and other rules of the Associations, and the Financial Instruments Intermediary Service Provider shall adhere to these instructions from the Full Members.
- (3) If the Association has implemented any disposition or other measure for a Full Member pertaining to a Financial Instruments Intermediary Service Provider who is an individual (hereinafter referred to as an “Individual Financial Instruments Intermediary Service Provider”) or a Sales Representative of a Financial Instruments Intermediary Service Provider, the Individual Financial Instruments Intermediary Service Provider or Sales Representative shall adhere to such disposition or measure.
- (4) When the Association requests a Full Member to interview or submit material from the Financial Instruments Intermediary Service Provider, the Financial Instruments Intermediary Service Provider shall comply with these requests.
- (5) Full Members may inspect the Financial Instruments Intermediary Service Provider, and the Financial Instruments Intermediary Service Provider must comply with this inspection.

Article 5. Prohibition on Associations with Full Members’ Sales Officers and Employees

1. Full Members shall not have any person who belongs to another Full Member conduct business pertaining to the Financial Instruments Intermediary Service.
2. If a Full Member entrusts the Financial Instruments Intermediary Service with a person to whom a Sales

Representative of another Full Member belongs, such Full Member shall clearly indicate in a contract that the registration of the Sales Representative must be deleted before such Sales Representative completes the registration of the Financial Instruments Intermediary Service and that the entrusted services pertaining to the Financial Instruments Intermediary Service may not be commenced unless the registration of the Sales Representative is deleted.

3. A Full Member shall not give notification specifying any officer or other employee of a Financial Instruments Intermediary Service Provider as its own Sales Officers and Employees.

Article 6. Thoroughness of Basic Principles for Solicitation of Investment, etc.

1. Full Members must thoroughly communicate the following matters to the Financial Instruments Intermediary Service Provider to ensure adherence to them:
  - (1) To comply with Laws and Regulations, etc. and conduct business activities exclusively for investors, ensuring that investor's trust is the highest priority at all times.
  - (2) To maintain a sufficient understanding of customer's investment experience, purpose of investment, financial resources, etc., and endeavor to solicit investment suited to the customer's intention and current situation.
  - (3) To give sufficient explanations to customers and endeavor to garner their understanding with regard to significant matters pertaining to transactions for acts of financial instruments intermediation.
  - (4) When soliciting investment, to make customers understand that investments should be made at their sole discretion and responsibility.
2. A Full Member shall establish a system in which the Financial Instruments Intermediary Service Provider uses the "Customer Card" provided by the Full Member pursuant to Article 6 of the Rules for Direct Offerings of Beneficiary Certificates and appropriately solicits investment as set forth in Articles 6-2 and 6-3 of such Rules.

Article 7. Establishment of Customer Management System for Financial Instruments Intermediary Service Provider, Establishment of Internal Rules and Internal Control, etc.

Full Members shall instruct Financial Instruments Intermediary Service Providers to establish, maintain, and strictly adhere to internal rules so as to ensure the proper transactions with customers through the Financial Instruments Intermediary Service Provider and proper customer management system, and shall assess the business operations of such Financial Instruments Intermediary Service Provider.

Article 8. Prevention of Solicitation of Excessively Speculative Transactions

Full Members must properly instruct and manage the Financial Instruments Intermediary Service Providers so that they will not solicit excessively speculative transactions from customers.

Article 9. Examination of Representation of Advertising, etc. by Financial Instruments Intermediary Service Providers

1. Full Members shall not have a Financial Instruments Intermediary Service Provider make any display of



advertising, etc or any provision of gifts, etc. pertaining to the Financial Instruments Intermediary Service conducted by the Financial Instruments Intermediary Service Provider unless these have been examined in accordance with the provisions of the Rules on Display of Advertising, etc. and Provision of Gifts, etc. (hereinafter referred to as the “Rules on Advertising, etc.” in the following paragraph).

2. When the Association deems the display of advertising, etc. and provision of gifts pertaining to the Financial Instruments Intermediary Service provided by the Financial Instruments Intermediary Service Provider is in violation or is likely to be in violation of the provisions of Articles 3 or 4 of the Rules on Advertising, etc., the Association may request the Full Member to submit a report or materials.
3. Full Members shall comply with any requests for submission of reports or materials prescribed in the preceding paragraph.

#### Article 10. Publicity of Complaint and Consultation Office for Customers

Full Members shall make known to Financial Instruments Intermediary Service Providers to pass onto customers its department in charge of handling complaints filed by customers and disputes with customers pertaining to the services of the Financial Instruments Intermediary Service Provider.

#### Article 11. Prohibition of Duties of Unqualified Sales Representatives

1. Full Members shall prevent an Individual Financial Instruments Intermediary Service Provider from performing the duties of a Sales Representative unless any of the requirements in provisions of each item of Article 4 of the Rules on Sales Representatives are satisfied.
2. The scope of the Sales Representative’s duties under the preceding paragraph shall be in accordance with the classification in Article 2, Item 7.

#### Article 12. Attendance, etc. in Sales Representative Qualification Renewal Training for Individual Financial Instruments Intermediary Service Providers

1. Full Members shall have Individual Financial Instruments Intermediary Service Providers attend a sales representatives qualification renewal training course as set forth in Article 20 of the Rules on Sales Representatives (hereinafter referred to as the “Qualification Renewal Training”) so as to complete this within the period set forth in the following items (hereinafter referred to as the “Compulsory Attendance Period” in this Article):
  - (1) within 180 days after the date services were commenced; or
  - (2) within one year from the first day of the month every fifth year after the date services were commenced.
2. The provisions of the preceding paragraph shall not apply in those cases falling under any of the following items:
  - (1) A person who has, within 2 years prior to the first day of the Compulsory Attendance Period, passed the qualification exam or has completed a Qualification Renewal Training under the Rules Concerning Qualification Examination for Sales Representatives, etc., established by the Japan Securities Dealers Association (hereinafter referred to as the “Rules for Qualification Examination by JSDA”);
  - (2) A person who has passed the qualification exam under the Rules for Qualification Examination by JSDA

within the Compulsory Attendance Period;

- (3) A person whose attendance in a Qualification Renewal Training is deemed difficult due to unavoidable circumstances (This may be subject to certain conditions as deemed necessary by the Association.).
3. The Association shall suspend all sales representative qualifications of any Individual Financial Instruments Intermediary Service Provider who has not completed the Qualification Renewal Training within the Compulsory Attendance Period on the day following the final day of this Period (referred to as the “Compulsory Attendance Deadline” in Paragraph 5) and shall notify such Individual Financial Instruments Intermediary Service Provider to that effect through the Full Member.
4. A Full Member shall not have a person whose qualifications as a Sales Representative has been suspended pursuant to the preceding paragraph perform the duties of a Sales Representative until such suspension is cancelled.
5. Full Members shall endeavor to have any Individual Financial Instruments Intermediary Service Providers whose qualification as a Sales Representative has been suspended under the provisions of Paragraph 3 attend Qualification Renewal Training so as to complete such Training within 180 days from the day after the Compulsory Attendance Deadline (hereinafter referred to as the “Grace Period” in this Article).
6. The Association shall cancel the suspension of sales representative qualifications for any person who has completed the Qualification Renewal Training in the Grace Period on the date of completion, and shall notify the Individual Financial Instruments Intermediary Service Provider to that effect through the Full Member.
7. If a person fails to complete the Qualification Renewal Training during the Grace Period (including cases where the registration of a Sales Representative is deleted during the Grace Period), the Association shall rescind sales representative qualifications from the Association for that person on the day after the final day of the Grace Period, and shall notify the Individual Financial Instruments Intermediary Service Provider to that effect through the Full Member.
8. When notifying under Paragraph 3, Paragraph 6, or the preceding paragraph, the Association shall inform all Full Members to which the Individual Financial Instruments Intermediary Service Provider belongs to of this notification.

#### Article 13. Prohibited Acts

Full Members shall prevent an Individual Financial Instruments Intermediary Service Provider from performing any of the acts set forth in the following items:

- (1) Solicitation through the provision of conclusive evaluations about price increases or decreases for beneficiary certificates, etc. (meaning beneficiary certificates (including book-entry transfer beneficial interest in an investment trust), investment securities (including book-entry transfer investment equity) or investment corporation bond certificates (including book-entry transfer investment corporation bonds); the same shall apply hereinafter);
- (2) Solicitations that present false representations or representations which are likely to cause a misunderstanding of significant matters;
- (3) Solicitations or actions that oblige customers to bear all or part of any losses;
- (4) Solicitations or actions with a promise to offer special benefits to customers

- (5) Having a customer acquire beneficiary certificates, etc. while knowing that interested parties of a Full Member are providing credit to the customer on the condition that the customer purchases said beneficiary certificates, etc.
- (6) Solicitations for the acquisition of an amount of beneficiary certificates, etc. that exceeds the customer's financial resources as known through the customer card, etc.
- (7) Handling direct offerings or private placement for beneficiary certificates, etc. on a customer account without obtaining the customer's consent;
- (8) Solicitations or actions that obligate customers to share profits or losses;
- (9) Accepting an application to acquire beneficiary certificates, etc. from a customer while knowing that the customer is using a name other than their own
- (10) Not immediately delivering to the other party any money deposited by a customer, any beneficiary certificates, etc. requested to be deposited at an asset management company, any money to be delivered to a customer, any beneficiary certificates, etc. to be returned, and any documents relating to the business
- (11) The lending or borrowing of money or beneficiary certificates, etc. to or from customers in connection with the handling of direct offerings or private placement of Beneficiary Certificates, etc.
- (12) Actions that divulge any secret that may have become known over the course of duties
- (13) Not explaining significant matters of a switchover of beneficiary certificates, etc. (meaning the acquisition of beneficiary certificates, etc. following the early cancellation of part of an investment trust agreement involving actually held beneficiary certificates, etc., the refund of investment units, or the sale of such beneficiary certificates, etc.) to customers (except professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding those customers deemed to not be professional investors as defined in Article 34-2, Paragraph 5 of such Act and including those deemed as professional investors as defined in Article 34-3, Paragraph 4 of such Act (including when applied mutatis mutandis pursuant to Article 34,-4, Paragraph 6 of such Act)).) when soliciting such a switchover of beneficiary certificates, etc.

#### Article 14. Misconduct

Full Members shall instruct and supervise the Individual Financial Instruments Intermediary Service Provider so as not to conduct any of the acts set forth in the following items (hereinafter referred to as "Misconduct"):

- (1) Executing a customer's order without confirming the contents thereof;
- (2) Soliciting to mislead customers on any of the matters set forth in (a) through (c) below:
  - (a) The nature of the securities
  - (b) The conditions of the transaction
  - (c) An increase or decrease in the price of securities
- (3) Mishandling business due to negligence in the execution of a customer's order;
- (4) Erroneously executing a customer's orders due to the malfunctioning of an electronic data processing system; or
- (5) Committing any other act in violation of laws and regulations.

Article 15. Disposition of Violators

If an Individual Financial Instruments Intermediary Service Provider (including an entity that was an Individual Financial Instruments Intermediary Service Provider; the same shall apply hereinafter except Article 18) commits an act that violates any laws and regulations or any of the provisions of Article 11 or Article 13 herein or that is misconduct prescribed in the preceding article in connection to the Financial Instruments Intermediary Service, the Full Member shall take the appropriate disposition of such Individual Financial Instruments Intermediary Service Provider according to the nature of the violation.

Article 16. Accident Report

1. If a Full Member is discovered to have caused any loss to a customer through any act of an Individual Financial Instruments Intermediary Service Provider that violates any laws or regulations or the provisions of Article 11 or Article 13 herein or that is misconduct set forth in Article 14 herein, in connection with the Financial Instruments Intermediary Service, such Full Member shall immediately submit to the Association an accident report by means of the Attached Form using the “Electronic Notification and Storage System for Notification from Members of the Association” (hereinafter referred to as the “Notification Management System of Investment Trusts Association”). Provided, however, that this shall not apply to cases where the misconduct set forth in Article 14, Items 1 and 2 are due to negligence as well as the misconduct set forth in Item 3.
2. Whenever a new matter to be reported arises with regard to the content of the report in the preceding paragraph, Full Members shall resubmit to the Association the report in that paragraph detailing these circumstances using the Notification Management System of Investment Trusts Association.
3. When requested by the Association to provide an explanation or evidential documents pertaining to the contents of a report submitted as prescribed in the preceding two paragraphs, the Full Member shall comply with such requests without delay.

Article 17. Disposition for the Suspension of Sales Representative Qualification Requirements

1. When the result of the examination of reported details from Full Members pursuant to the provision of the preceding article indicates that an Individual Financial Instruments Intermediary Service Provider has violated any laws and regulations in connection with the duties of a Sales Representative or business incidental thereto or has committed extremely inappropriate acts in connection with such duties, the Association shall suspend the validity of its registration qualification requirement as a Sales Representative for a period not longer than 2 years (hereinafter referred to as the “Disposition for the Suspension of Sales Representative Qualification Requirements”).
2. A Full Member shall not have an Individual Financial Instruments Intermediary Service Provider who has become subject to suspension of Sales Representative qualification requirements pursuant to the provisions of the preceding paragraph or Article 11 herein perform the duties of a Sales Representative during the period in which the validity of these Sales Representative qualification requirements are suspended.

Article 18. Attendance in In-House Training for Individual Financial Instruments Intermediary Service Providers

Full Members shall have Individual Financial Instruments Intermediary Service Providers attend annual in-house training as stipulated in Article 21 of the Rules on Sales Representatives, in addition to Qualification Renewal Training.

Article 19. Training for Subjects of Disposition

Full Members shall promptly have any person who has become subject to suspension of sales representative qualification requirements pursuant to the provisions of Article 17 herein attend the training designated by the Association.

Article 20. Report

When a case occurs that falls under any of the following items, a Full Member shall report the details thereof to the Association without delay by a predetermined method.

- (1) When a person who has entered into the Service Agreement for the Financial Instruments Intermediary Service has been registered as conducting the Financial Instruments Intermediary Service;
- (2) When entrusting services for acts of financial instruments intermediation to a Financial Instruments Intermediary Service Provider;
- (3) When ceasing the entrustment under the preceding item to the Financial Instruments Intermediary Service Provider;
- (4) When the trade name or name of the Financial Instruments Intermediary Service Provider is changed;
- (5) When the Local Finance Bureau with which the Financial Instruments Intermediary Service Provider is registered (Local Finance Branch Bureau) is changed;
- (6) When any Financial Instruments Intermediary Service Provider or its officers or employees have been found to have committed an act in violation of any laws or regulations or any of various rules in connection with the Financial Instruments Intermediary Service (excluding cases where an "Accident Report" has been submitted under the provisions of Article 7 of the Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services; the same shall apply in the following item);
- (7) When details of the acts in the preceding item have been identified;
- (8) When it's found that an inspection under the provisions of the FIEA has been commenced or has been completed for the Financial Instruments Intermediary Service Provider;
- (9) When it's found that the Financial Instruments Intermediary Service Provider is subject to a rescinded registration, suspension of services, or dismissal of an officer under the provisions of Article 66-20 of the FIEA;
- (10) When it's found that the Financial Instruments Intermediary Service Provider or its officers or employees have been sentenced to a fine or severer punishment under the provisions of the FIEA or any other laws and regulations in connection with the Financial Instrument Intermediary Service;
- (11) When it's found that the Financial Instruments Intermediary Service Provider has become a party to any litigation or mediation in connection with the Financial Instrument Intermediary Service or that such

litigation or mediation has been concluded;

(12) In addition to aforementioned in the preceding item, anything deemed necessary by the Association.

#### Article 21. Handling Entrustment by Multiple Full Members

1. If two or more Full Members entrust the Financial Instruments Intermediary Service to one Financial Instruments Intermediary Service Provider, these Full Members shall, upon consultation with each other, designate one of them to represent the multiple Full Members (hereinafter referred to as the “Representative Full Member”). The Representative Full Member shall immediately notify the Association thereof using the Notification Management System of Investment Trusts Association with the written consent of the Financial Instruments Intermediary Service Provider. The same shall apply when the Representative Full Member has been changed.
2. The Representative Full Member shall carry out the procedures pertaining to Financial Instruments Intermediary Service Providers with the Association set forth in the following items:
  - (1) Submission of Application for Registration, etc. of Sales Representatives as stipulated in Article 9, Paragraph 1 of the Rules on Sales Representatives;
  - (2) Reporting under Items 1, 4 and 5 of the preceding article;
  - (3) Procedures for training for persons whose duties as Sales Representatives are suspended as stipulated in Article 15 of the Rules on Sales Representatives;
  - (4) Procedures to attend Qualification Renewal Training as stipulated in Article 22 of the Rules on Sales Representatives;
  - (5) In addition to aforementioned in the preceding item, anything deemed necessary by the Association.
3. If notifying the Financial Instruments Intermediary Service Provider is necessary in the preceding paragraph, the Association shall do so through the Representative Full Member.

#### Supplementary Provision

These Rules shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

# Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services

Established on June 10, 2021

## Article 1. Purpose

The purpose of these Rules is to provide for the standard of services and sales representative qualifications, etc. of officers or employees (hereinafter referred to as the “Employees, etc.”) engaged in the Financial Instruments Intermediary Services of a Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation (hereinafter referred to as the “Financial Instruments Intermediary Service”) as well as to clarify members’ responsibilities for supervising Employees, etc., thereby protecting investors and ensuring the proper and smooth operation of business.

## Article 2. Definition

In these Rules, the definitions of the terms set forth in the following items are as prescribed respectively in those items.

### (1) Acts of Financial Instruments Intermediation

The acts set forth in Article 2, Paragraph 11, Item 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”).

### (2) Financial Instruments Intermediary Service

Services pertaining to the acts set forth in the preceding item.

### (3) Financial Instruments Intermediary Service Provider

A Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation.

### (4) Officer

An officer of a corporate Financial Instruments Intermediary Service Provider who is in charge of the Financial Instruments Intermediary Service.

### (5) Employee

An employee or other worker of a Financial Instruments Intermediary Service Provider who is engaged in the Financial Instruments Intermediary Service at its business office or other offices located in Japan.

### (6) Sales Representative

An Employee, etc. of a Financial Instruments Intermediary Service Provider who has been registered as Sales Representative of the Financial Instruments Intermediary Service Provider prescribed in Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act.

### (7) Duties of Sales Representatives

The acts set forth in Article 64, Paragraph 1, Item 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act in connection with acts of financial instruments intermediation.

### Article 3. Compliance with Laws, Regulations, and Rules, etc.

When Employees, etc. of a Financial Instruments Intermediary Service Providers engage in the Financial Instruments Intermediary Service, Full Members shall ensure that this business is performed in a fair and proper manner in accordance with the FIEA, other relevant laws and regulations, and the rules of the Association.

### Article 4. Prohibited Acts

Full Members shall prevent the Employees, etc. of a Financial Instruments Intermediary Service Provider from performing any of the acts set forth in the following items:

- (1) Solicitation through the provision of conclusive evaluations about price increases or decreases for beneficiary certificates, etc. (meaning beneficiary certificates (including book-entry transfer beneficial interest in an investment trust), investment securities (including book-entry transfer investment equity) or investment corporation bond certificates (including book-entry transfer investment corporation bonds); the same shall apply hereinafter);
- (2) Solicitations that present false representations or representations which are likely to cause a misunderstanding of significant matters;
- (3) Solicitations or actions with a promise to bear all or part of the loss to customers
- (4) Solicitations or actions with a promise to offer special benefits to customers
- (5) Having a customer acquire beneficiary certificates, etc. while knowing that interested parties of a Full Member are providing credit to the customer on the condition that the customer purchases said beneficiary certificates, etc.
- (6) Solicitations for the acquisition of an amount of beneficiary certificates, etc. that exceeds the customer's financial resources as known through the customer card, etc.
- (7) Handling direct offerings or private placement for beneficiary certificates, etc. on a customer account without obtaining the customer's consent;
- (8) Solicitations or actions that obligate customers to share profits or losses;
- (9) Accepting an application to acquire beneficiary certificates, etc. from a customer while knowing that the customer is using a name other than their own
- (10) Not immediately delivering to the other party any money deposited by a customer, any beneficiary certificates, etc. requested to be deposited at an asset management company, any money to be delivered to a customer, any beneficiary certificates, etc. to be returned, and any documents relating to the business
- (11) The lending or borrowing of money or beneficiary certificates, etc. to or from customers in connection with the handling of direct offerings or private placement of Beneficiary Certificates, etc.
- (12) Actions that divulge any secret that may have become known over the course of duties
- (13) Not explaining significant matters of a switchover of beneficiary certificates, etc. (meaning the acquisition of beneficiary certificates, etc. following the early cancellation of part of an investment trust agreement involving actually held beneficiary certificates, etc., the refund of investment units, or the



sale of such beneficiary certificates, etc.) to customers (except professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding those customers deemed to not be professional investors as defined in Article 34-2, Paragraph 5 of such Act and including those deemed as professional investors as defined in Article 34-3, Paragraph 4 of such Act (including when applied mutatis mutandis pursuant to Article 34,-4, Paragraph 6 of such Act)).) when soliciting such a switchover of beneficiary certificates, etc.

#### Article 5. Misconduct

Full Members shall instruct and supervise the Employees, etc. of Financial Instruments Intermediary Service Providers so that they will not conduct any of the acts set forth in the following items (hereinafter referred to as “Misconduct”):

- (1) Executing a customer’s order without confirming the contents thereof;
- (2) Soliciting to mislead customers on any of the matters set forth in (a) through (c) below:
  - (a) The nature of the securities
  - (b) The conditions of the transaction
  - (c) An increase or decrease in the price of securities
- (3) Mishandling business due to negligence in the execution of a customer’s order;
- (4) Erroneously executing a customer’s orders due to the malfunctioning of an electronic data processing system; or
- (5) Committing any other act in violation of laws and regulations.

#### Article 6. Disposition of Violators

If the Employees, etc. of a Financial Instruments Intermediary Service Provider (including a person who was an Employee, etc.; the same shall apply hereinafter) commits an act that runs counter to any of the provisions of Article 6 or each item of Article 4 of the Rules on Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules on Sales Representatives”) or is misconduct prescribed in the preceding article in connection with the Financial Instruments Intermediary Service, the Full Member shall take the proper disposition of such Employees, etc. according to the nature of the violation.

#### Article 7. Accident Report

1. If a Full Member is discovered to have caused any loss to a customer through any act by the Employees, etc. of a Financial Instruments Intermediary Service Provider that runs counter to any laws or regulations or any provisions of Article 6 or each item of Article 4 of the Rules for Sales Representatives or that is misconduct prescribed in Article 5 herein, in connection with the Financial Instruments Intermediary Service, such Full Member shall immediately submit to the Association an accident report by means of the Attached Form using the “Electronic Notification and Storage System for Notifications from Members of the Association” (hereinafter referred to as the “Notification Management System of Investment Trusts Association”). Provided, however, that this shall not apply to cases where the misconduct set forth in Article 5, Items 1 and 2 is due to negligence as well as the misconduct set forth in Item 3.

2. Whenever a new matter to be reported arises with regard to the content of the report in the preceding paragraph, Full Members shall resubmit to the Association the report in that paragraph detailing these circumstances using the Notification Management System of Investment Trusts Association.
3. When requested by the Association to provide an explanation or evidential documents pertaining to the contents of a report submitted as prescribed in the preceding two paragraphs, the Full Member shall comply with such requests without delay.

#### Supplementary Provision

These Rules shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

Attached Form

Application Date YYYY/MM/DD

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

The Financial Instruments Intermediary Service Provider conducting the Financial Instruments Intermediary Service entrusted by the Company has been discovered to have caused a loss to a customer due to the act of its Employees, etc. that runs counter to laws or regulations, any provisions of Article 6 or each item of Article 4 of the Rules on Registration, etc. of Sales Representatives or misconduct prescribed in Article 5 of Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services. Therefore, the Company hereby reports such losses under the provisions of Article 7 of the Rules on Service of Employees, etc. Engaged in Financial Instruments Intermediary Services.

Notice

Name and Provisions, etc. of Laws and Regulations, and the Rules of the Association, etc.	
Outline of the Case	
Contents of Acts, etc.	1. Contents of acts 2. Background, causes, etc. of occurrence 3. Status of internal control system at the time of occurrence 4. Status of correction and improvement 5. Reporting to supervisory government agency

[Contact person]      Affiliation  
                                 Title and name  
                                 Telephone Number

[Precautions for Descriptions]

1. Briefly enter the contents in the "Outline of the Case" column and enter details in the "Contents of Acts" column.
2. Describe in detail the beginning of discovery, date and time of occurrence, department of occurrence, etc. for "Background of Occurrence."
3. If the status of corrections or improvements that they're being formulated or improved, a separate report shall be submitted after the completion thereof.  
In addition, if dispositions, etc. are made, the details thereof shall also be described.
4. Whether a report has been made to the supervisory government agency, and if so, the details (date of report, etc.) thereof shall be entered, and a copy thereof shall be attached thereto.  
(Please remove the red text before submitting this report.)

# Rules for the Handling of Public Offerings or Private Placements of Beneficiary Certificates through a Financial Service Intermediary Provider

Established on January 20, 2022

## Article 1. Purpose

The purpose of these Rules is to provide for the matters to be observed when a Full Member (meaning a Full Member as defined in Article 7, Paragraph 1, Item 1 of the articles of incorporation; the same shall apply hereinafter) makes a public offering or private placement of beneficiary certificates (including book-entry transfer investment trust beneficiary certificates; the same shall apply hereinafter) through a financial service intermediary provider and thereby optimize transactions via financial service intermediary providers and contribute to investor protection.

## Article 2. Definition

In these Rules, the definitions of the terms set forth in the following items shall be as prescribed respectively in those items.

- (1) Financial Service Intermediary Provider: A financial service intermediary provider as defined in Article 11, Paragraph 6 of the Act on the Provision of Financial Services (hereinafter referred to as the “Financial Services Act”).
- (2) Securities, Etc. Intermediary Business Operations: Securities, etc. intermediary business operations as defined in Article 11, Paragraph 4 of the Financial Services Act (excluding operations involved in the items listed in Item 4 of said paragraph).

## Article 3. Confirmation, etc. of a Financial Service Intermediary Provider’s Internal Control System

1. When a Full Member concludes a contract with a financial service intermediary provider or a contract for securities, etc. intermediary business operations, such Full Members must confirm that said financial service intermediary provider maintains an internal control system that adequately complies with the Financial Services Act and other laws and regulations in order to contribute to the optimal public offering or private placement of beneficiary certificates through said financial service intermediary provider.
2. Full Members must endeavor to establish a cooperative relationship with the financial service intermediary provider they have contracted for securities, etc. intermediary business operations for the sharing of necessary information in a timely and appropriate manner.

## Article 4. Concluding a Contract for Securities, Etc. Intermediary Business Operations

When a Full Member concludes a contract with a financial service intermediary provider for securities, etc. intermediary business operations, such Full Member shall specify the following items in said contract from the perspective of fulfilling the Full Member’s responsibilities in the securities market and complying with the

Financial Instruments and Exchange Act and other laws and regulations. Provided, however, that this shall not apply to any matters for which it is clear that a contract is not required in consideration of the contents or characteristics of the instruments and services handled by the financial service intermediary provider.

- (1) Matters concerning responsibilities and the division of roles regarding delivering documents, explanations, etc. to customers;
- (2) Matters concerning the provision and management of information relating to customers;
- (3) Matters concerning countermeasures against the violation of laws, etc. and accidents;
- (4) Matters concerning cooperation and the division of roles for the prevention of unfair trade;
- (5) Matters concerning the handling of disputes with customers;
- (6) Matters concerning the prevention of the transfer of profits from crimes, etc.;
- (7) Matters concerning advertisements;
- (8) Matters concerning the review and renewal of the contract;
- (9) Matters concerning the confirmation of the performance status of entrusted matters, etc.; and
- (10) Other matters deemed necessary by the Full Members

#### Article 5. Proper Use of Customer Cards, etc.

1. When a Full Member entrusts customer solicitation to a financial service intermediary provider, such Full Member must provide the information considered necessary for the financial service intermediary provider to properly solicit investments and manage said customers from among the information on customer cards (meaning a customer card described in Article 6 of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.; the same shall apply hereinafter.).
2. When a Full Member receives information on a customer from a financial service intermediary provider based on a contract prescribed in Article 4, the Full Member must update the contents of the customer card as necessary.

#### Article 6. Performance of Obligations Based on Division of Roles

Full Members shall perform their obligations for the delivery of written documents, explanations, etc. to customers and the prevention of unfair trading based on customer information held by the Full Member in accordance with the division of roles described in a contract prescribed in Article 4.

#### Article 7. Confirmation of the Performance Status of Entrusted Matters, etc.

Full Members shall, appropriately or on a regular basis, confirm the internal control system, performance status, etc. of business entrusted to the financial service intermediary provider.

#### Article 8. Prohibited Acts

Full Members shall not request a financial service intermediary provider to perform acts similar to securities, etc. intermediary business operations and other acts to solicitate customers that involve beneficiary certificates that cannot be handled by financial service intermediary providers pursuant to the provisions of the Financial Services Act.

Article 9. Report

When any of the following items applies to a Full Member, such Full Member shall use the Attached Form to immediately report the contents thereof to the Association via the “Electronic Notification and Storage System for Notifications from Members of the Association.”

- (1) When a Full Member enters into a contract with a financial service intermediary provider for securities, etc. intermediary business operations;
- (2) When a Full Member cancels a contract with a financial service intermediary provider for securities, etc. intermediary business operations;
- (3) When there is a change to the trade name or name of the financial service intermediary provider with whom a Full Member has concluded a contract for securities, etc. intermediary business operations; or
- (4) In addition to aforementioned in the preceding item, anything deemed necessary by the Association.

Article 10 Concept of Rules

The Association shall set forth matters regarding the operation of these Rules among Full Members in the “Concept of Rules for the Handling of Public Offerings or Private Placements of Beneficiary Certificates through a Financial Service Intermediary Provider.”

Supplementary Provision

These Rules shall come into effect on January 20, 2022.

Attached Form

Application Date YYYY/MM/DD

The Investment Trusts Association, Japan

To: Chairperson

(Trade Name or Name)

(Representative)

Report on the Conclusion, etc. of a Contract with a Financial Service Intermediary Provider for Securities, etc.  
Intermediary Business Operations

Content of report [1. Conclusion of contract 2. Cancellation of contract 3. Change]

(Circle the appropriate number)

1. Conclusion of contract or 2. Cancellation of contract

Kana	
Trade Name, etc.	
Date of Contract (Conclusion/Cancellation)	MM/DD/YYYY

Attached documents

- A document (copy) describing the contents of the contract for securities, etc. intermediary business operations concluded with the financial service intermediary provider [only when concluding a contract]

3. Change (a change to the trade name or name of the financial service intermediary provider for which a contract exists)

Item	(Before changes)	(After changes)
Kana		
Trade Name, etc.		
Date of Change	MM/DD/YYYY	

[Contact person]

Affiliation

Title and name

Telephone Number

# Guidelines on Product Classification

Established on October 26, 2006  
Revised on September 19, 2008  
Revised on September 16, 2009  
Revised on March 18, 2010  
Revised on February 21, 2013

## Purpose

These Guidelines are intended to provide guidelines for investors and beneficiaries to classify products in an easy-to-understand manner and to state the classification on the cover page, etc. of the prospectus and other documents in order to contribute to the use of the selection of products, such as the purchase of investment trusts (which shall cover investment trust beneficiary certificates for public offering), and settlor companies shall classify the products according to the methods stipulated below:

### I. Product classification stated on the cover page of the prospectus, etc.

The product classification stated on the cover page of the prospectus, etc. shall be, in principle, the combination of “1.,” “2.,” and “3.” below. In addition, if the classification listed in 4. is applicable, such classification shall be indicated in addition to “1.,” “2.,” and “3.”

#### 1. Categories of unit-type investment trusts and additional-type investment trusts

- (1) Unit-type investment trust: A fund in which the funds publicly offered are initially trusted as a unit, and no additional funds are established thereafter.
- (2) Additional-type investment trust: A fund that is established once, but subsequently additionally established and managed together with the existing trust property.

#### 2. Categories by investment target area

- (1) Domestic: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from domestic assets.
- (2) Overseas: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from overseas assets.
- (3) Domestic and overseas: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from domestic and overseas assets are substantially the source.

#### 3. Categories by investment target assets

- (1) Shares: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from shares.



- (2) Bonds: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from bonds.
- (3) Real estate investment trust (REIT): A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from beneficiary certificates of real estate investment trusts and investment certificates of real estate investment corporations.
- (4) Other assets: Products for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from assets other than those listed in (1) through (3) above. The name of the asset that is the specific source of income may also be stated together with other assets.
- (5) Combined assets: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from multiple assets among the assets listed in (1) through (4) above is substantially derived from the investment income.

#### 4. Independent categories

- (1) MMF (Money Management Fund): MMFs stipulated in the Rules on Operation of MMFs, etc.
- (2) MRF (Money Reserve Fund): MRFs stipulated in the Rules on Operation of MMFs, etc.
- (3) ETF: Securities investment trusts stipulated in Article 12, item (i) and item (ii) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) and listed securities investment trusts stipulated in Article 9-4-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957).

#### II. Product classification used as a supplement to the cover page of the prospectus, etc.

If any of the following classification is applicable, such classification shall be stated on the cover page of the prospectus, etc. in addition to the product classification listed in “I”.

- (1) Index type: A product for which the prospectus or the basic terms and conditions of the investment trust states that the company aims to achieve investment results linked to various indices.
- (2) Special type: A product for which the prospectus or the basic terms and conditions of the investment trust states a special mechanism or investment method that is deemed necessary to draw the attention of investors. In the case of “conditional operation type” in the sub-classification of special types in the attribute category of “III.,” such sub-classification shall be appended in parentheses, and in the case of other sub-classification, such sub-classification may be appended in parentheses.

#### III. Attribute categories of products

In the product description of the main text of the prospectus, etc. (meaning anything except the cover page; provided, however, that the sub-classification of special types may be stated on the cover page), efforts shall be

made to explain by using the following attribute categories and their definitions in addition to the classification of “I.” and “II.” In addition, this does not preclude each company’s own fund explanation:

1. Attribute categories by investment target assets: Attribute categories shall be stated for the incorporated assets themselves, not for the assets that are the source of income as defined in “I.” If the assets that are the source of income differ from incorporated assets, the company shall clearly state such difference and shall endeavor to refer to the difference from those stated on the cover page based on the definition of “I.”

(1) Shares:

- [1] General: Any shares not applicable to the following attributes of large-cap stocks and medium- to small-cap stocks:
- [2] Large-cap stocks: Those for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in large-cap stocks.
- [3] Medium- to small-cap stocks: Those for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in medium- to small-cap stocks.

(2) Bonds:

- [1] General: Any bonds not applicable to the following attributes of public bonds, corporate bonds, and other bonds:
- [2] Public bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in government bonds issued by the government of Japan or other countries (including local government bonds, government guaranteed bonds, government agency bonds, and international agency bonds; the same shall apply hereinafter).
- [3] Corporate bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in corporate bonds issued by companies, etc.
- [4] Other bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in bonds other than public bonds or corporate bonds.
- [5] Attributes by credit such as grading: In the prospectus or the basic terms and conditions of the investment trust, in addition to the categories by the “issuer” of [1] through [4] above, if there is a clear statement with respect to credit in particular, it is also permissible to include “high-grade bonds,” “low-grade bonds,” and others in addition to the categories listed in [1] through [4] above.

(3) Real estate investment trust: No further detailed classification shall be made.

(4) Other assets: The assets incorporated shall be stated.

(5) Combined assets: If any of the following sub-classification applies, such sub-classification may also be included:

- [1] Asset allocation fixed type: A product for which the prospectus or the basic terms and conditions of the investment trust states that multiple assets are to be the investment target and that the rate of incorporation is to be fixed. The incorporated assets shall be listed.
- [2] Asset allocation change type: A product for which the prospectus or the basic terms and conditions of the investment trust states that multiple assets are to be the investment target and that the rate of incorporation is to be flexibly changed or do not state that the same is to be fixed. The incorporated

assets shall be listed.

## 2. Attribute categories by settlement frequency

- [1] Once a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled once a year.
- [2] Twice a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled twice a year.
- [3] Four times a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled four times a year.
- [4] Six times a year (bimonthly): A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled six times a year.
- [5] Twelve times a year (monthly): A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled twelve times a year (monthly).
- [6] On a daily basis: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled on a daily basis.
- [7] Others: All products that do not apply to the above attributes.

## 3. Attribute categories by investment target area: (Multiple use possible)

- [1] Global: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from global assets. Whether “Japan” is included or not in “global assets” shall be clearly stated.
- [2] Japan: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in Japan.
- [3] North America: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the North American region.
- [4] Europe: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the European region.
- [5] Asia: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Asian region excluding Japan.
- [6] Oceania: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Oceania region.
- [7] Latin America: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Latin America region.
- [8] Africa: A product for which the prospectus or the basic terms and conditions of the investment trust

states that the investment income from incorporated assets is derived from assets in the Africa region.

[9] Middle and Near East (Middle East): A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Middle and Near East region.

[10] Emerging: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the emerging region (emerging growth countries (regions)).

#### 4. Attribute categories by investment form

[1] Family funds: A product for which the prospectus or the basic terms and conditions of the investment trust states that investments are made with the mother investment trust (excluding those invested only in the fund of funds) as an investment target.

[2] Fund of funds: Fund of funds stipulated in Article 2 of the Rules on Management of Investment Trusts, etc.

#### 5. Attribute categories by currency hedge

[1] With currency hedge: A product for which the prospectus or the basic terms and conditions of the investment trust states that a full currency hedge or a currency hedge on some assets will be conducted.

[2] No currency hedge: A product for which the prospectus or the basic terms and conditions of the investment trust states that the currency exchange will not be hedged or for which there is no statement to the effect that the currency exchange will be hedged.

#### 6. Attribute categories by target index in index funds

[1] Nikkei 225

[2] TOPIX

[3] Other indices: Any item that does not apply to the above indices.

#### 7. Special type

[1] Bull-bear type: A product for which the prospectus or the basic terms and conditions of the investment trust states that derivative instruments are used for purposes other than hedging, actively invested, and that it is aimed at linking or backlinking to various indices, assets, etc. (including fixed doubling of linkage or backward linkage).

[2] Conditional operation type: A product for which the prospectus or the basic terms and conditions of the investment trust states that the target investment results (base value, redemption value, profit distribution, etc.), the trust termination date, etc. are determined by certain conditions that are determined based on the value of an explicit index, etc. by investing in structured bonds or using other special mechanisms.

[3] Long/short type/Absolute profit seeking type: A product for which the prospectus or the basic terms

and conditions of the investment trust states that it aims to pursue profits that are less susceptible to specific markets, or that it aims to pursue profits through a long/short strategy.

- [4] Other types: Products for which the prospectus or the basic terms and conditions of the investment trust states special mechanisms or investment methods that do not fall under any of the attributes listed in [1] through [3] above.

#### IV. Precautions when stating product classification and attribute categories

The product classification listed on the cover page of the prospectus (meaning the classification of “I.” and “II.”, and if the sub-classification of the special type of “III.” is stated on the cover page, the sub-classification of such special type shall be included; the same shall apply hereinafter), and for attribute categories used in the main text of the prospectus, each list and its definition shall be stated in such prospectus with reference to the examples separately stipulated. With regard to the classification not used on the cover page of the prospectus and the definition of the attribute categories not used in the main text, it is permissible to state a method that contributes to the convenience of investors, such as stating the website address, etc. of the Association instead of stating the same in the prospectus. In addition, the product classification, the attribute categories of products, and others stated in the prospectus shall also be stated in the securities registration statement.

#### V. Special provisions on the prospectus for delivery

With regard to the prospectus for delivery, the phrase “each list and its definition shall be stated in such prospectus with reference to the examples separately stipulated” in “IV.” above shall be applied by replacing the phrase “shall be stated in the form stipulated in Article 2 of the By-laws for the Rules for Preparation of Prospectus for Delivery based on Article 2, Item 9 of the Rules for Preparation of Prospectus for Delivery.”

#### Supplementary Provisions

1. This resolution of the board of directors shall come into force on the date separately stipulated and shall apply to newly established funds on or after the effective date.
2. Any fund established prior to the date of implementation of this resolution of the board of directors shall apply from the date on which one (1) year has elapsed from the effective date; provided, however, that this shall not preclude the application of the provisions of this resolution of the board of directors during the period up to the date on which one (1) year has elapsed.

Note: The Effective Date of the Guidelines on Product Classification, etc. (Board of Directors on May 16, 2008) stipulates that the Guidelines on Product Classification (Board of Directors resolution dated October 26, 2006) shall come into force on January 1, 2009.

Supplementary Provisions

This resolution of the Board of Directors shall come into force on January 1, 2009.

Supplementary Provisions

This amendment shall come into force on September 16, 2009.

Supplementary Provisions

This amendment shall come into force on July 1, 2010.

Provided, however, that this amendment shall apply from the prospectus for delivery of the securities registration statement newly submitted on or after the effective date.

Supplementary Provisions

1. This amendment shall come into force on February 21, 2013 and shall apply to those who have submitted a new securities registration statement on or after the effective date.
2. Notwithstanding the foregoing "1.," Full Members shall not be precluded from operating based on the provisions after the amendment until the date of such application.

Form of the list of product classification and attribute categories, and points to consider in writing

Product classification table

Unit type/additional type	Investment target area	Investment target assets (source of income)	Independent category	Supplementary classification
Unit type	Domestic	Shares	MMF	Index type
Additional type	Overseas	Bond	MRF	Special type
	Domestic and overseas	Real estate investment trust	ETF	
		Other assets ( )		
		Combined assets		

Note: The product classification applicable to the Fund is indicated by shading.

Attribute category table

Investment target assets	Settlement frequency	Investment target area	Investment form	Currency hedge	Target index	Special type
Shares	Once a year	Global	Family Funds	Yes ( )	Nikkei 225	Bull-bear type
General	Twice a year	Japan				
Large-cap stocks	Four times a year	North America				
Medium- to small-cap stocks	Six times a year (bimonthly)	Europe				
Bond		Asia	Fund of funds	None	TOPIX	Conditional operation type
General	Twelve times a year (monthly)	Oceania				
Public bonds	On a daily basis	Latin America				
Corporate bonds	Others ( )	Africa				
Other bonds		Middle and Near East (Middle East)				
Credit attributes ( )		Emerging			Others ( )	
Real estate investment trust						
Other assets ( )						
Combined assets ( )						
Asset allocation fixed type						
Asset allocation change type						

Note: The attribute categories applicable to the Fund are indicated by shading.

(Points to Consider in Writing)

1. Appropriate product classification and attribute categories shall be indicated by shading. In addition, for the shaded classification or attribute category, the definition shall be stated in such a way that investors can easily understand it based on the Guidelines on Product Classification (Board of Directors resolution).
2. The columns for “Independent category,” “Supplemental classification,” in the product classification table and the columns for “Investment form,” “Target index,” and “Special type” in the attribute category table shall be indicated only when there is an applicable attribute category, and if there is no applicable category, the column shall be omitted. In addition, the “Currency hedge” column shall be indicated only when investing in assets denominated in foreign currencies.
3. In parentheses of “Other assets” in the column “Investment target assets (source of income),” the types of “products,” “beneficial interest in trust,” and others shall be included. In addition, in the column of the parentheses of “Combined assets” in the attribute category table, for example, the incorporated assets such as “shares and bonds” shall be included, and in the case where the “Asset allocation fixed type” and “Asset allocation change type” are not included in the main text of the prospectus, etc., they may be deleted from the attribute category table.
4. In the parentheses of “Credit attributes” in the “Investment target assets” column, state “high-grade bonds,” “low-grade bonds,” and others. In addition, the parentheses of “Other assets” shall be included in “beneficial interest in trust,” “beneficial interest in loan trust,” and others.
5. In the column “Investment target assets” in the attribute category table, “Other assets (investment trust securities)” shall be stated in the case of a family fund or a fund of funds. The real investment target assets beyond the investment trust securities may also be included, and if such assets are stated, for example, incorporated assets such as “other assets (investment trust securities (shares))” shall be stated.
6. In the parentheses of “Others” in the “Settlement frequency” column, the appropriate settlement frequency shall be included.
7. In the “Currency hedge” column stated in the attribute category, state whether or not hedges are applied against exchange risk against the yen.
8. In the parentheses of “With currency hedge” in the “Currency hedge” column, state “full hedge,” “partial hedge,” “timely hedge,” and others for currency hedge against the yen.
9. In the parentheses of “Others” in the “Target index” column, state the name of the index to be targeted.



10. For the “Long/short type/Absolute profit seeking type” in the “Special type” column, only the attribute category corresponding to either the long/short type or the absolute profit seeking type shall be stated. In addition, in the parentheses of “Other types,” state the appropriate names indicating the nature of the mechanism, investment method, etc.

11. In the parentheses of “3.” through “10.” above, the references may be stated in the main text of the prospectus, instead of stating in such parentheses.

## Committee Resolution on Guidelines on Product Classification

Established on September 11, 2008

This Committee Resolution stipulates matters to be noted in the operation of the Guidelines on Product Classification.

1. With regard to “Categories by investment target assets,” the points of “principal” shall be categorized by paying attention to the following matters:
  - (1) It means cases where it is clear that the principal investment income from incorporated assets is substantially derived from XX, such as when the prospectus or the basic terms and conditions of the investment trust clearly state wording such as “based on the full investment management at XX” or “based on the incorporation of XX at a high level,” which means that investment will be conducted approximately 100% or similar thereto. The term “XX” shall include the statement of any single asset class of any one of “shares,” “bonds,” “real estate investment trusts,” or “other assets.”
  - (2) It means cases where it can be confirmed by the settlor company that the prospectus or the basic terms and conditions of the investment trust states that the main investment target is a single asset class, either “shares,” “bonds,” “real estate investment trusts,” or “other assets,” and that the content is equivalent to the standards in (1).
  - (3) It means cases where “combined assets” means any case other than (1) and (2) in which the prospectus or the basic terms and conditions of the investment trust clearly states the wording substantially “major investment targets are multiple asset classes” or the like.
2. With regard to “Categories by investment target area,” the points of “principal” shall be categorized by paying attention to the following matters:
  - (1) In cases where it is clear that the principal investment income from incorporated assets is substantially derived from domestic assets, such as cases where the prospectus or the basic terms and conditions of the investment trust clearly states that “‘overseas’ assets shall be kept at approximately 10% or less” or “‘overseas’ assets shall be kept at approximately 10%,” or other wording, such cases shall be categorized as “domestic.” (including those for which the settlor company can confirm that the content is equivalent)
  - (2) In cases where it is clear that the principal investment income from incorporated assets is substantially derived from overseas assets, such as cases where the prospectus or the basic terms and conditions of the investment trust clearly states that “‘domestic’ assets shall be kept at approximately 10% or less” or “‘domestic’ assets shall be kept at approximately 10%,” or other wording, such cases shall be categorized as “overseas.” (including those for which the settlor company can confirm that the content is equivalent)
  - (3) “Domestic and overseas” shall be categorized as other than (1) and (2) above.
3. With regard to “Categories by investment target area,” the investment target area shall be categorized based on the judgment criteria of “country in which the issuer is located” if the principal investment target asset is

“shares,” and “currency” if the principal investment target asset is “bonds”; provided, however, that this shall not apply to “bonds” where it is appropriate to use the “country in which the issuer is located” as the judgment criteria in consideration of credit risk, etc. In the case of “structured bonds” with underlying assets that are the source of profits, such as “ products” and “shares,” they shall be categorized based on the judgment criteria of the “country in which the issuer is located” of the underlying assets that are the source of profits.

4. With regard to the attribute category by “investment target assets” of family funds or fund of funds shall be categorized as “other assets (investment trust securities)” based on the concept that “the attribute category for assets themselves shall be stated” of the Guidelines on Product Classification; provided, however, that from the viewpoint of clarifying the real investment target assets of “other assets (investment trust securities),” it is possible to also include the real investment target assets.

#### Supplementary Provisions

1. This Sub-committee Resolution shall come into force on 1 January, 2009.
2. As from October 1, 2008, the “Sub-committee Resolution on Guidelines on Product Classification” shall be replaced by the “Committee Resolution on Product Classification.”

# Guidelines for Protection of Personal Information

Established on March 18, 2005  
Revised on September 21, 2007  
Revised on March 21, 2008  
Revised on March 19, 2009  
Revised on December 17, 2009  
Revised on December 20, 2012  
Revised on October 15, 2015  
Revised on February 18, 2016  
Revised on April 20, 2017  
Revised on July 15, 2021

## Article 1. Purpose

1. In accordance with the Act on the Protection of Personal Information (Act No. 57 of 2003; hereinafter referred to as the “Protection Act”), the Cabinet Order to Enforce the Act on the Protection of Personal Information (Cabinet Order No. 507 of 2003; hereinafter referred to as the “Enforcement Order”), the Enforcement Rules for the Act on the Protection of Personal Information (Rules of the Personal Information Protection Commission No. 3 of 2016; hereinafter referred to as the “Enforcement Rules”), the Basic Policy on the Protection of Personal Information (Cabinet Decision on April 2, 2004), the Guidelines on the Act on the Protection of Personal Information (Volume on General Rules) (Notification of the Personal Information Protection Commission No. 6 of 2016), (Volume on Provision to a Third Party in a Foreign Country) of the said guidelines (Notification of the Personal Information Protection Commission No. 7 of 2016), (Volume on Confirmation and Record-Keeping Obligations upon Third-Party Provision) of the said guidelines (Notification of the Personal Information Protection Commission No. 8 of 2016), (Volume on Anonymously Processed Information) of the said guidelines (Notification of the Personal Information Protection Commission No. 9 of 2016), the Guidelines for the Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 1 of 2017) and the Practical Guideline on the Security Control Actions under the Guidelines for Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 2 of 2017), and others (hereinafter referred to as the “Laws and Regulations on Protection of Personal Information”), these guidelines provide for specification of utilization purposes, security control actions and other matters related to personal information as well as specific actions to be taken by Full Members (meaning Full Members specified in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) of the Investment Trusts Association, Japan (hereinafter referred to as the “Association”) in order to ensure the proper handling of personal information in business operations related to the investment management business (meaning operations set forth in Article 2, Paragraph 8, Item 12 (a) and Item 14 of the same paragraph of the Financial Instruments and Exchange Act (Act No 25 of 1948; hereinafter referred as the “FIEA”) including business operations incidental thereto) operated by Full Members and business operations related to investment trust managed without instructions from the settlor, and business operations set forth in Article 2, Paragraph 8, Item 7 of the FIEA in association with beneficiary certificates, etc. (meaning beneficiary certificates (including book-entry transfer beneficial

interest in an investment trust), investment corporation bond certificates (including book-entry transfer investment equity) or investment corporation bond certificates (including book-entry transfer investment corporation bonds)).

2. In order to prevent divulgence, unauthorized leakage, or any other similar incident involving personal information, it is necessary for Full Members to develop systems for appropriate control of personal information in accordance with Laws and Regulations on Protection of Personal Information as well as related laws and regulations and guidelines, etc.

## Article 2. Definition

In the Guidelines, the terms set forth in the following items are as defined in the respective items.

### (1) Personal Information

This term refers to any information relating to a living person that is capable of identifying a specific person (including any information that can be readily collated with other information and thereby can identify a specific individual) or which contains a personal identification code.

“Information Relating to an Individual” is not limited to information identifying an individual such as name, address, gender, date of birth and face image, and is all information representing facts, judgment, and evaluation with respect to attributes such as body, property, occupation and title of an individual, which also includes evaluation information, information made public by publications, etc., and information in the form of image or voice, whether or not such information is concealed by encryption, etc. If the above-mentioned “Information Relating to an Individual,” combined with names, etc., “can identify a specific individual,” it becomes “Personal Information.”

If Information Relating to a non-living Individual is simultaneously Information Relating to a living Individual such as bereaved family members, the information shall be regarded as Information Relating to the living Individual.

In addition, information relating to corporations and other organizations, such as company name, does not basically fall under the category of “Personal Information”; however, when Information Relating to an Individual, such as names of officers, is included in the information, such part of the information falls under the category of “Personal Information.”

Furthermore, “individuals” naturally include foreign nationals.

### (1-2) Personal Identification Codes

This term refers to letters, numbers, symbols, and other codes specified in Article 1 of the Enforcement Order as those that can identify a specific individual from the information alone.

### (2) Personal Information Database, etc.

This term refers to a collection of information including Personal Information listed below; provided, however, that this shall exclude those that are unlikely to damage rights and interests of individuals in light of the method of use.

- (a) Database, etc. systematically arranged so that specific Personal Information can be searched by using a computer
- (b) In addition to those described in (a) above, database, etc. systematically arranged so that specific

Personal Information can be easily searched by organizing personal information in accordance with certain rules, which are placed in such a state that it can be easily searched with a table of contents, index, codes, etc.

(3) Personal Data

This term refers to Personal Information constituting a Personal Information Database, etc.

(4) Personal Information Handling Business Operators

This term refers to a person providing a Personal Information Database, etc. for use in business; however, excluding central government organizations, local governments, incorporated administrative agencies, etc. set forth by the Act on the Protection of Personal Information Held by Incorporated Administrative Agencies, etc. (Act No. 59 of 2003), and local incorporated administrative agencies set forth by the Local Incorporate Administrative Agencies Act (Act No. 118 of 2003).

The term “business” used herein in reference to “for use in business” means similar acts that are repeatedly and continuously carried out for a certain purpose and deemed to be business under normal social conventions, whether for profit or non-profit.

In addition, any person providing a Personal Information Database, etc. for use in business is deemed to be a Personal Information Handling Business Operator, regardless of the number of specific individuals identified by Personal Information constituting the Personal Information Database, etc.

Even a non-juridical association (voluntary organization) or an individual with no capacity of right shall be deemed to be a Personal Information Handling Business Operator if the association or individual provides a Personal Information Database, etc. for use in business.

(5) Principal

The term refers to a specific person identified by Personal Information.

(6) Retained Personal Data

This term refers to any Personal Data for which a Full Member has all authority to disclose, correct, add to or delete from the contents, to discontinue use, to erase, or to discontinue provision to any third party at the request of a Principal or his/her representative, other than the following Personal Data.

- (a) Personal Data that are likely to harm the life, body, or property of a Principal or a third party if their presence or absence is made known
- (b) Personal Data that are likely to promote or induce illegal or unjust acts if their presence or absence is made known
- (c) Personal Data that are likely to impair the safety of Japan, impair trust relationship with other countries or international organizations, or suffer disadvantages in negotiations with other countries or international organizations if their presence or absence is made known
- (d) Personal Data that are likely to interfere with the prevention, suppression, or investigation of crimes or the maintenance of public safety and order if their presence or absence is made known
- (e) Personal data to be deleted (except for renewal) within six (6) months

(7) Special Care-required Personal Information

The term refers to Personal Information comprising certain descriptions, etc. as those whose handling requires special care so as not to cause unfair discrimination, prejudice, or other disadvantages.

(8) Sensitive Information

In the finance sector, this term refers to Special Care-required Personal Information and information relating to individuals' membership in a labor union, family origin, registered domicile, healthcare, and sex life (among these, excluding the matters falling under the category of the Special Care-required Personal Information) (excluding any information made public by the Principal or by a national government organ, local public entity, or any of those set forth in the items of Article 76, Paragraph 1 of the Protection Act, or the items of Article 6 of the Enforcement Rules, or seemingly clear information acquired by visual observation, filming, or photographing of the Principal).

(9) Anonymously Processed Information

This term refers to Information Relating to an Individual that can be produced from processing Personal Information so as to neither be able to identify a specific individual by taking action prescribed in accordance with the divisions of Personal Information nor be able to restore the Personal Information.

Article 3. Specification of Purpose of Use

1. A Full Member must, in handling Personal Information, specify in what kind of business the Personal Information is provided for use and for what purpose it is used as explicitly as possible so that the Principal can reasonably anticipate them.
2. When a utilization purpose in the preceding paragraph is specified, abstract expressions such as "to be used for a purpose required by the company" are not considered to satisfy the requirement of "as explicitly as possible." Therefore, a Full Member must make efforts to specify the utilization purpose by indicating the financial instruments or services to be provided.
3. When utilization purposes of specific Personal Information are limited by laws and regulations, etc., a Full Member is to clearly indicate that fact.
4. A Full Member must, in case of altering utilization purpose, not do so beyond "the scope recognized reasonably relevant to the pre-altered utilization purpose" stipulated in Article 15, Paragraph 2 of the Protection Act.

Article 4. Format of Consent

When obtaining the consent of a Principal specified in the next article, Article 13 and Article 13-2, a Full Member is to do so in writing (including an electromagnetic record; the same shall apply hereinafter) in principle.

In the case where the Principal is a minor, adult ward, person under curatorship, or person under assistance and does not have the ability to judge results of the consent to the handling of Personal Information, and other cases, consent must be obtained from a person with parental authority or legal representative, etc.

Article 5. Restriction due to a Utilization Purpose

1. A Full Member must not handle Personal Information without obtaining in advance a Principal's consent beyond the necessary scope to achieve a utilization purpose specified in Article 3.

However, use of Personal Information (such as sending an e-mail or making a telephone call) to obtain a

Principal's consent in advance shall not be deemed as a utilization for unintended purposes even if it is not included the utilization purposes as originally specified.

2. A Full Member must, in case of having acquired Personal Information as a result of succession of a business from another Personal Information Handling Business Operator because of a merger or other reason, not handle the Personal Information without obtaining in advance a Principal's consent beyond the necessary scope to achieve the pre-succession utilization purpose of the said Personal Information.

In addition, when personal information is handled within the necessary scope to achieve the pre-succession utilization purpose, it shall not be deemed as a utilization for unintended purposes, and a Principal's consent does not need to be obtained.

3. The preceding two paragraphs shall not apply to any of the following cases.

- (1) Cases based on laws and regulations
- (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent
- (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent
- (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs

#### Article 6. Handling of Sensitive Information

1. A Full Member shall not acquire, use, or provide to a third party any Sensitive Information, except for the following cases.

- (1) Cases based on laws and regulations, etc.
- (2) Cases in which there is a need to protect a human life, body, or property
- (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children
- (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations
- (5) Cases in which there is a need to acquire, use, or provide to a third party any Sensitive Information of its employees, etc. concerning their affiliation to or membership in a political or religious group or labor union within the scope necessary for the performance of affairs relating to withholding taxes, etc.
- (6) Cases in which any Sensitive Information is acquired, used, or provided to a third party to the extent necessary for performing the transfer of rights and obligations arising from inheritance procedures
- (7) Cases in which a Full Member acquires, uses, or provides to a third party any Sensitive Information based on the consent of a Principal to the extent necessary for performing its services from the necessity to ensure appropriate operation of its businesses run by the Full Member
- (8) Cases in which biometric information, which falls under the category of Sensitive Information, is used based on a Principal's consent for the purpose of identity verification



2. When a Full Member acquires, uses, or provides to a third party any Sensitive Information in the case set forth in the preceding paragraph, the Full Member shall handle the information with extreme caution so as to avoid acquisition, use, or provision to a third party of the information beyond the grounds set forth in the same paragraph.
3. When a Full Member acquires, uses, or provides to a third party any Sensitive Information in the cases set forth in Paragraph 1 of this article, the Full Member must make a response appropriately in accordance with Laws and Regulations on Protection of Personal Information.
4. Article 23, Paragraph 2 of the Protection Act (opt-out provision) is not to apply to the case where a Full Member provides Sensitive Information to a third party.

#### Article 7. Proper Acquisition of Personal Information

1. A Full Member must not acquire Personal Information by deceit or other improper means. In addition, a Full Member must not unjustifiably infringe interests of a Principal in acquiring Personal Information from a third party.
2. When acquiring Personal Information through provision from a third party, a Full Member shall confirm the status of compliance with laws and regulations of the provider and also confirm that the Personal Information has been lawfully acquired.

#### Article 8. Notification, Public Disclosure, Clear Indication, etc. of a Utilization Purpose When Acquiring Personal Information

1. A Full Member must, in case of having acquired Personal Information except in cases where a utilization purpose has been disclosed in advance to the public, promptly inform a Principal of, or disclose to the public, the utilization purpose. In this case, the method to “inform” is to be in writing, in principle, and as for the method to “disclose to the public,” a Full Member must employ appropriate methods, such as making the relevant matters public on its website, etc. or posting or keeping the document at a counter of the head office or any other business office, etc., depending on the sales method of its financial instruments or other mode of business.
2. A Full Member must, notwithstanding the provisions of the preceding paragraph, in cases where it acquires the Principal’s Personal Information stated in a written contract or other document as a result of conclusion of a contract with a Principal, state the utilization purpose explicitly to the said Principal in advance. This, however, shall not apply in cases where there is an urgent need to protect a human life, body, or property.
3. A Full Member must, in case of altering a utilization purpose, inform a Principal of, or disclose to the public, the post-altered utilization purpose.
4. The preceding three paragraphs shall not apply to any of the following cases.
  - (1) Cases in which there is a possibility that informing a Principal of, or disclosing to the public, a utilization purpose would harm a Principal or third party’s life, body, property, or other rights and interests
  - (2) Cases in which there is a possibility that informing a Principal of, or disclosing to the public, a utilization purpose would harm the rights or legitimate interests of the Full Member
  - (3) Cases in which there is a need to cooperate with a central government organization or a local government

performing affairs prescribed by laws and regulations, and when there is a possibility that informing a Principal of, or disclosing to the public, a utilization purpose would interfere with the performance of the said affairs

- (4) Cases in which it can be recognized, judging from the acquisitional circumstances, that a utilization purpose is clear

#### Article 9. Assurance, etc. about the Accuracy of Data Contents

A Full Member must endeavor to keep Personal Data accurate and up-to-date within the necessary scope to achieve a utilization purpose by establishing procedures for collation and confirmation at the time of inputting Personal Information into a Personal Information Database, etc., establishing procedures for correction, etc. in the event of discovery of errors, etc., renewing record matters, setting a retention period, etc.

It should be noted that it is not necessary to update the Personal Data held in a single uniform way or at all times, and it is sufficient to ensure accuracy and recency within the necessary scope in accordance with the respective utilization purposes.

In addition, a Full Member must endeavor to delete Personal Data without delay when utilization of the data has become unnecessary, such as cases where the utilization purpose has been achieved and there is no longer reasonable reason to hold such Personal Data in relation to the purpose, and where the business constituting the premise for the purpose has been discontinued although the utilization purpose has not been achieved. However, this shall not apply to cases where the retention period, etc. is stipulated by laws and regulations.

#### Article 10. Security Control Action

1. A Full Member must take necessary and appropriate action, such as establishment of basic policies and handling rules for security control and development of a system for security control measures, for the security control of Personal Data including preventing the leakage, loss, or damage of its handled Personal Data. In addition, necessary and appropriate action must include “Institutional Security Control Measures,” “Human Security Control Measures,” and “Technological Security Control Measures” in accordance with each stage of acquisition, utilization and preservation, etc. of Personal Data. These actions shall be those corresponding to risks arising from the scale and nature of the business, the handling status of Personal Data (including the size and volume of its handled Personal Data; the same shall apply hereinafter), the nature of the medium in which Personal Data is recorded and other factors, in consideration of the significance of infringement and rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.

2. The definition of terms in this article is as follows.

- (1) Institutional Security Control Measures

This term means measures for system development and actions to be taken by Full Member for security control of Personal Data, such as to clearly determine the responsibility and authority of each officer and employee (meaning persons engaging in the business of a Full Member within its organization under direct or indirect control and supervision of the Full Member, not limited to employees having an employment relationship (regular employees, contract employees, fixed-term employees, part-timers, and

casual staff, etc.), but including those without an employment relationship with the Full Member (directors, accounting advisors (when an accounting advisor is a corporation, employees who are to perform the duties thereof), company auditors, executive officers, or temporary staff; the same shall apply hereinafter), establish and implement rules on security control, and inspect and audit the implementation status.

(2) Human Security Control Measures

This term means to conclude a non-disclosure contract with officers and employees and provide them with education and training, thereby supervising officers and employees so as to ensure security control of Personal Data.

(3) Technological Security Control Measures

This term means technological measures concerning security control of Personal Data, such as to limit access to Personal Data and the information system handling such data, and to monitor that information system.

3. A Full Member must take the following Institutional Security Control Measures for establishing basic policies and handling rules for security control of Personal Data.

(1) Development of rules, etc.

- (a) Development of basic policies for security control of Personal Data
- (b) Development of handling rules for security control of Personal Data
- (c) Development of rules for inspection and audit of the handling status of Personal Data
- (d) Development of rules for outsourcing

(2) Handling rules for safety control at each stage

- (a) Handling rules at the stage of acquisition and input of data
- (a) Handling rules at the stage of use and processing of data
- (a) Handling rules at the stage of preservation and retention of data
- (d) Handling rules at the stage of transfer and sending of data
- (e) Handling rules at the stage of deletion and disposal of data
- (f) Handling rules at the stage of responding to information leakage or other incidents

4. A Full Member must take the following Institutional Security Control Measures, Human Security Control Measures and Technological Security Control Measures for developing a system for security control of Personal Data.

(1) Institutional Security Control Measures

- (a) Appointment of employees responsible for the management of Personal Data, etc. (a person responsible for Personal Data management who is the overall person in charge of execution of operations relating to security control of Personal Data, persons responsible for Personal Data management in each division handling Personal Data)
- (b) Development of security control actions in rules of employment, etc.
- (c) Operation in line with the handling rules for security control of Personal Data
- (d) Development of means to check the handling status of Personal Data
- (e) Development and implementation of a system for inspection and audit of the handling status of

## Personal Data

- (f) Development of a system for responding to information leakage or other incidents
- (2) Human Security Control Measures
  - (a) Conclusion of a non-disclosure contract, etc. concerning Personal Data with officers and employees
  - (b) Clarification of roles, responsibilities, etc. of officers and employees
  - (c) Thorough dissemination of security control actions to officers and employees and their education and training
  - (d) Checking of compliance with predetermined Personal Data management procedures by officers and employees
- (3) Technological Security Control Measures
  - (a) Identification and authentication of Personal Data users
  - (b) Setting of management categories of Personal Data and access control
  - (c) Management of authority to access Personal Data
  - (d) Measures to prevent the leakage, damage, etc. of Personal Data
  - (e) Recording and analysis of access to Personal Data
  - (f) Recording and analysis of operation of the information systems handling Personal Data
  - (g) Monitoring and audit of the information system handling Personal Data

## Article 11. Supervision over Officers and Employees

1. A Full Member must, in having its officers and employees handle Personal Data, establish an appropriate internal management system and exercise necessary and appropriate supervision over the officers and employees so as to seek the security control of the Personal Data. The supervision shall correspond to risks arising from the nature of the business, the handling status of Personal Data and other factors, in consideration of the significance of infringement of rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.
2. A Full Member is to exercise the “necessary and appropriate supervision” over the officers and employees in the preceding paragraph by establishing the following systems, etc.
  - (1) To conclude a contract, etc. upon recruiting an officer or employee to ensure that the officer or employee will not disclose to a third party any Personal Data that the person has come to know in relation to businesses operated by the Full Member or use such data for unintended purposes while being employed and after resigning from the job
  - (2) To clarify the roles and responsibilities of officers and employees through establishing handling rules to ensure proper handling of Personal Data, and thoroughly disseminate the obligation to ensure security control among its officers and employees and provide them with education and training
  - (3) To develop a system for checking compliance of its officers and employees with the matters specified in internal security control rules and inspecting and auditing their attitudes toward the protection of Personal Data in order to prevent them from taking out any Personal Data.

Article 12. Supervision over Outsourcees

1. When a Full Member outsources the partial or entire handling of Personal Data (including the entirety of outsourcing contracts, irrespective of the form or type thereof, under which a Full Member has another entity carry out the whole or part of the handling of Personal Data), the Full Member must exercise necessary and appropriate supervision over the relevant outsourcee so as to ensure security control of the outsourced Personal Data. The supervision shall correspond to risks arising from the scale and nature of the outsourced business, the handling status of Personal Data and other factors, in consideration of the significance of infringement of rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.

2. A Full Member must select an entity that is found to be properly handling Personal Data as an outsourcee and secure measures for security control of Personal Data also at that outsourcee so that security control measures are taken for the outsourced Personal Data (in the case where an outsourcee further outsources personal information-related duties, the Full Member shall also supervise whether the outsourcee sufficiently supervises the sub-outsourcees). Specifically, a Full Member must make the following responses, etc. for example.

(1) Specify the requirements to develop an organizational system and establish basic policies and handling rules for security control as the criteria for selecting outsourcees and review those criteria regularly in order to ensure the security control of the Personal Data.

When selecting an outsourcee, it is desirable that the Full Member checks the candidate's capabilities by visiting the place where Personal Data is handled, as necessary, or by other reasonable methods and has its person responsible for the management of Personal Data make an evaluation of the candidate appropriately.

(2) Incorporate in an outsourcing contract specific security control actions that clarify the authority on the supervision and audit of and the collection of reports from the outsourcee, prohibition of the leakage of, stealing and alteration, and the utilization of Personal Data for unintended purposes by the outsourcee, conditions concerning sub-outsourcing and the responsibility of the outsourcee in the event of information leakage, etc., and at the same time, check the outsourcee's compliance with the security control actions incorporated in the outsourcing contract, regularly or as needed, and review those measures through conducting audits regularly or taking other actions.

It is desirable that the person responsible for Personal Data management, etc. review the security control actions incorporated in the outsourcing contract and appropriately evaluate the outsourcee's compliance therewith.

When an outsourcee intends to outsource the relevant duties to another entity, it is desirable that the Full Member sufficiently confirms that the outsourcee appropriately supervises the sub-outsourcee of this article and that the sub-outsourcee takes security control actions based on Article 20 of the Protection Act, as in the case with the outsourcee, by such means as requesting the outsourcee to make a report on the sub-outsourcee, the content of duties to the sub-outsourced, and sub-outsourcee's method of handling Personal Data in advance and go through prior approval process or implementing regular audits by themselves or making the outsourcee do so. The same shall apply to cases of further

sub-outsourcing.

Article 13. Restriction on Third-Party Provision

1. A Full Member must not provide Personal Data to a third party (meaning those who do not fall under any of the categories of a Full Member attempting to provide the Personal Data and a Principal relating to the Personal Data, regardless of whether the party is an individual, corporation or any other organization; the same shall apply except for Articles 13-2 through 13-5) without obtaining in advance a Principal's consent. In obtaining consent, the Full Member must clearly indicate the content within a reasonable and appropriate scope that is considered necessary for the Principal to make a judgment on the consent in accordance with the scale and nature of the business, the handling status of Personal Data and other factors.

If provision of Personal Information to a third party is assumed in advance, a Full Member must specify the fact in the utilization purpose.

However, in any of the following cases, a Principal's consent is unnecessary in the provision of Personal Data to a third party.

- (1) Cases based on laws and regulations
  - (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent
  - (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent
  - (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs
2. A Full Member, with regard to Personal Data provided to a third party (excluding Sensitive Information; the same shall apply in this paragraph) may, in cases where it is set to cease in response to a Principal's request a third-party provision of Personal Data that can identify the Principal and when it has in advance informed a Principal of those matters set forth in the following or put them into a state where a Principal can easily know, and notified them to the Personal Information Protection Commission, provide the said Personal Data to a third party notwithstanding the provisions of the preceding paragraph.

In addition, a Full Member itself shall also disclose the content of the notification by using the Internet or other appropriate methods.

Sensitive Information may not be provided to a third party due to an opt-out policy.

- (1) To set a third-party provision as a utilization purpose
  - (2) The categories of Personal Data provided to a third party
  - (3) Means or method of a third-party provision
  - (4) To cease, in response to a Principal's request, a third-party provision of Personal Data that can identify the Principal
  - (5) Method of receiving a Principal's request
3. A Full Member must, in case of altering those matters set forth in item (2), item (3), or item (5) of the preceding paragraph, in advance inform a Principal of the contents to be altered or put them into a state

where a Principal can easily know and notify them to the Personal Information Protection Commission.

In addition, when notifying the contents to be altered to the Personal Information Protection Commission pursuant to this paragraph, a Full Member itself shall also disclose the content.

4. In any of the following cases, a person receiving the provision of the Personal Data does not fall under a third party.
  - (1) Cases in which Personal Data is provided as a result of a Full Member's outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.
  - (2) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason (limited to cases where Personal Data is used even after the succession of the business within the scope of the utilization purpose before the Personal Data is provided due to the business succession)
  - (3) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data (meaning a person who primarily accepts and processes complaints, makes decisions on disclosure, correction, etc. and utilization cease, etc., and has responsibilities for security control in the jointly utilizing person; hereinafter referred to as the "Control Manager" in Paragraph 6)
5. Any notification given by a Full Member pursuant to the provisions of item (3) of the preceding paragraph is to be in writing in principle. With regard to a notification, etc. concerning "the scope of a jointly utilizing person," a Full Member must make efforts to list jointly utilizing persons individually.
- 6 A Full Member must, in case of altering a utilization purpose for a utilizing person or the name or appellation of the Control Manager set forth in Paragraph 4, item (3), in advance inform a Principal of the contents to be altered or put them into a state where a Principal can easily know.

#### Article 13-2. Restriction on Provision to a Third Party in a Foreign Country

A Full Member, except in those cases set forth in each item of Paragraph 1 of the preceding article, must, in case of providing Personal Data to a third party (excluding a person establishing a system conforming to standards prescribed by the Enforcement Rules as necessary for continuously taking action equivalent to the one that a Personal Information Handling Business Operator shall take concerning the handling of Personal Data; hereinafter the same shall apply in this article) in a foreign country (meaning a country or region located outside the territory of Japan; hereinafter the same shall apply) (excluding those prescribed in the Enforcement Rules as a country establishing a personal information protection system recognized to have equivalent standards to that in Japan in regard to the protection of an individual's rights and interests; hereinafter the same shall apply in this article and the next article), in advance obtain a Principal's consent to the effect that he or she approves for the provision to a third party in a foreign country. In this case, the provisions of the same article shall not apply.

#### Article 13-3. Keeping, etc. of a Record on a Third-Party Provision

A Full Member must, when having provided personal data to a third party (excluding a person set forth in each item of Article 2, Paragraph 5 of the Protection Act; the same shall apply in this article through Article 13-5), keep a record of the date of the Personal Data provision, the name or appellation of the third party, and other matters prescribed in the Enforcement Rules.

However, when providing Personal Data to a third party in Japan, keeping of records shall be unnecessary if the case falls under any of items (1) through (7) below.

In addition, in the provision to a third party in a foreign country, keeping of records shall be unnecessary if the case falls under any of items (1) through (4), or if the third party meets standards stipulated in the Enforcement Rules and the case falls under each item of Article 23, Paragraph 5 of the Protection Act.

- (1) Cases based on laws and regulations
- (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent
- (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent
- (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs
- (5) Cases in which Personal Data is provided as a result of a Full Member's outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.
- (6) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason.
- (7) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data

#### Article 13-4. Confirmation, etc. when Receiving a Third-Party Provision

A Full Member, when receiving the provision of Personal Data from a third party, confirm the name or appellation and address of the third party and, for a corporate body, the name of its representative (for non-corporate body having appointed a representative or administrator, the said representative or administrator), and process of acquisition of the personal information by the third party, and keep a record of matters stipulated in Article 26, Paragraph 3 of the Protection Act, except in the following cases.

However, the confirmation and record-keeping obligations shall not apply to any case that is not a provision by a "provider" substantially.

- (1) Cases based on laws and regulations
- (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent



- (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent
- (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs
- (5) Cases in which Personal Data is provided as a result of a Full Member's outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.
- (6) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason.
- (7) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data

#### Article 13-5. Retention Period for Keeping Records upon Third-Party Provision

Records made in accordance with Article 13-3 and Article 13-4 must be kept for the period specified in the Enforcement Rules from the date of creating these records.

#### Article 14. Public Disclosure, etc. on Matters Relating to Retained Personal Data

1. A Full Member must, concerning its Retained Personal Data, put the following matters into a state where a Principal can know (including those cases in which it, at the request of a Principal, responds without delay). When the utilization purpose includes provision of information to a third party, the fact must be clearly stated as the content in Item (2).
  - (1) Appellation of the Full Member
  - (2) Utilization purpose of all Retained Personal Data (excluding those cases falling under Article 8, Paragraph 4, Item (1) through Item (3))
  - (3) Procedures for responding to a request pursuant to the provisions of Paragraph 1 of the succeeding paragraph or a demand pursuant to the provisions of Article 15, Paragraph 1, Article 16, Paragraph 1, or Article 17, Paragraph 1 or Paragraph 2 (including the amount of a fee when it is prescribed pursuant to the provisions of Article 20)
  - (4) In-house contact point to which a complaint is to be filed in regard to handling of Retained Personal Data
  - (5) Appellation of the accredited personal information protection organization and contact point to which resolution of its complaint is to be filed
2. A Full Member must, when requested by a Principal to get informed of a utilization purpose of Retained Personal Data that can identify the Principal, inform the said Principal thereof without delay. This, however, shall not apply in those cases falling under any of the following items.
  - (1) Cases in which the utilization purpose of Retained Personal Data that can identify the said Principal is clear pursuant to the provisions of the preceding paragraph

- (2) Cases falling under Article 8, Paragraph 4, Items (1) through Item (3)
3. A Full Member must, when having been requested based on the provisions of the preceding paragraph but deciding not to inform a Principal of the utilization purpose of Retained Personal Data, inform the Principal to that effect without delay.

Article 15. Disclosure

1. A Full Member must, when having received a demand of disclosing Retained Personal Data that can identify a Principal (when such data does not exist, including informing a Principal thereof) from the Principal, disclose the Retained Personal Data to the Principal without delay by means of issuing a document (when there is a method agreed by the person demanding the disclosure, that method). However, in cases where disclosing such data falls under any of the following cases, the whole or part thereof may not be disclosed.
- (1) Cases in which there is a possibility of harming a Principal or third party's life, body, property, or other rights and interests
  - (2) Cases in which there is a possibility of interfering security with the said Full Member implementing its business properly
  - (3) Cases of violating other laws or regulations
2. A Full Member must, when having decided not to disclose the whole or part of Retained Personal Data in connection with a demand pursuant to the provisions of the preceding paragraph or when the Retained Personal Data does not exist, inform a Principal thereof without delay. The reasons for the decision shall be explained by showing the provisions of the law supporting the decision and facts that are the basis of the decision.

Article 16. Correction, etc.

1. In case of having received a demand made by a Principal for making a correction, addition, or deletion (hereinafter referred to as a "Correction, etc.") of the contents of Retained Personal Data that can identify the Principal by reason that the data are neither correct nor factual, a Full Member must conduct a necessary investigation, such as confirmation of facts, without delay to the extent necessary to achieve a utilization purpose and, based on the result thereof, make a Correction, etc. of the contents of the Retained Personal Data in principle.
2. A Full Member must, when having made a Correction, etc. on the whole or part of the contents of the Retained Personal Data in connection with a demand specified in the preceding paragraph or when having made a decision not to make a Correction, etc., inform a Principal without delay to that effect (including, when having made a Correction, etc., the contents thereof). If a Full Member does not make a Correction, etc., the Full Member is to explain the reasons by presenting grounds for the decision not to make a Correction, etc. and facts supporting the decision.

Article 17. Utilization Cease, etc.

1. In case of having received a demand made by a Principal for a utilization use or deletion (hereinafter referred to as a "Utilization Cease, etc.") of Retained Personal Data that can identify the Principal by reason that the

Retained Personal Data has been handled in violation of the provisions of Article 5 or has been acquired in violation of the provisions of Article 7 and when it has become clear that there is a reason in the demand, a Full Member must fulfill a Utilization Cease, etc. of the said Retained Personal Data to the extent necessary to redress a violation without delay. This, however, shall not apply in case where a Utilization Cease, etc. of the said Retained Personal Data requires a large expense or other cases where it is difficult to fulfill a Utilization Cease, etc. and when necessary alternative action is taken to protect a Principal's rights and interests.

2. In case of having received a demand made by a Principal for ceasing a third-party provision of Retained Personal Data that can identify the Principal by reason that the Retained Personal Data are being provided to a third party in violation of the provisions of Article 13, Paragraph 1 and when it has become clear that there is a reason in the demand, a Full Member must cease the third-party provision of the Retained Personal Data without delay in principle. This, however, shall not apply in cases where ceasing the third-party provision of the said Retained Personal Data requires a large expense or other cases where it is difficult to cease the third-party provision and when necessary alternative action is taken to protect a Principal's rights and interests.
3. A Full Member must, when having fulfilled a utilization cease etc. or decided not to fulfill a Utilization Cease, etc. of the whole or part of Retained Personal Data in connection with a demand pursuant to the provisions of Paragraph 1, or when having ceased a third-party provision or decided not to cease a third party provision of the whole of Retained Personal Data in connection with a demand pursuant to the provisions of the preceding paragraph, inform a Principal to that effect (including, when taking a measure that is different from the action requested by the Principal, the contents of the measure) without delay.

#### Article 18. Explanation of Reason

In case of informing a Principal to the effect that, as regards the whole or part of action requested or demanded by the Principal pursuant to the provisions of Article 14, Paragraph 3, Article 15, Paragraph 2, Article 16, Paragraph 2, and Paragraph 3 of the preceding article, the action will not be taken, or to the effect that different action from the said action will be taken, when explaining a reason therefor to the said Principal, a Full Member is to present grounds for the decision not to take the action or to take a different action and facts supporting the decision.

#### Article 19. Procedures for Responding to Demand, etc. for Disclosure, etc.

1. A Full Member may, as regards a request pursuant to the provisions of Article 14, Paragraph 2 or a demand pursuant to the provisions of Article 15, Paragraph 1, Article 16, Paragraph 1, Article 17, Paragraph 1 or Paragraph 2 (hereinafter referred to as a "Demand, etc. for Disclosure, etc."), decide on a method of receiving a request or demand. In this case, a Full Member is to regularly post that method on its website together with the Pronouncement Concerning Protection of Personal Information as specified in Article 23, or regularly posting or keeping it at a business office counter, etc.

(1) Contact point to which a Demand, etc. for Disclosure, etc. is to be made

(2) Form of documents to be submitted at the time of a Demand, etc. for Disclosure, etc. and other methods

of receiving Demand, etc. for Disclosure, etc.

- (3) Method of confirming that a person who makes a Demand, etc. for Disclosure, etc. is the Principal or a representative (meaning a legal representative for a minor or adult ward, or a representative entrusted by the Principal; the same shall apply in this article)
  - (4) Amount of the fee in Article 33, Paragraph 1 of the Protection Act and method for collection thereof (including the case where such a demand, etc. is free of charge)
  - (5) Matters necessary to identify Retained Personal Data that are subject to a Demand, etc. for Disclosure, etc.
  - (6) Method of replying to a Demand, etc. for Disclosure, etc.
2. A Full Member shall decide on the following matters in addition to each item of the preceding paragraph as the procedures for cases where a representative makes a Demand, etc. for Disclosure, etc. A Full Member shall not be precluded from disclosing the relevant personal data directly only to the Principal in response to a Demand, etc. for Disclosure, etc. made by a representative.
- (1) Method for identity verification of a representative
  - (2) Method to confirm a representative's authority of representation
3. A Full Member must, in establishing a procedure for Demand, etc. for Disclosure, etc. based on the provisions of the preceding two paragraphs, give consideration so as not to impose excessive burden on a Principal.

#### Article 20. Fees

1. A Full Member may, when having been requested to inform of a utilization purpose pursuant to the provisions of Article 14, Paragraph 2 or when having received a demand for disclosure pursuant to the provisions of Article 15, Paragraph 1, collect a fee in relation to taking such action.
2. A Full Member must, in case of collecting a fee pursuant to the provisions of the preceding paragraph, decide on the amount of the fee within a range recognized as reasonable considering actual expenses.

#### Article 21. A Full Member's Dealing with a Complaint

1. A Full Member must strive to deal appropriately and promptly with a complaint about the handling of Personal Information.
2. A Full Member must strive to establish the system necessary to achieve a purpose under the preceding paragraph through setup of a contact point for receiving complaints, formulation of procedures for dealing with complaints, provision of sufficient education and training to officers and employees engaging in dealing with complaints, and other means.

#### Article 22. Response to Personal Information Leakage or Other Incidents

1. In the event of the leakage of any Personal Information or the leakage of information concerning descriptions, etc. and Personal Identification Codes deleted from Personal Information used to produce Anonymously Processed Information and information relating to a processing method carried out pursuant to the provisions of Article 36, Paragraph 1 of the Protection Act (hereinafter referred to as "Personal Information Leakage or

Other Incidents”), a Full Member is to immediately report that incident to the Financial Services Agency and the Association. If, in addition to Personal Information Leakage or Other Incidents, leakage of specific personal information specified in Article 2, Paragraph 8 of the Act on the Uses of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013) occurs, a Full Member shall also report the incident to the Personal Information Protection Commission.

2. In the event of any of Personal Information Leakage or Other Incidents, a Full Member is to disclose the facts concerning the incident and preventive measures to the public without delay from the perspective of preventing secondary damage or the occurrence of any similar incidents.
3. In the event of any of Personal Information Leakage or Other Incidents, a Full Member is to promptly inform the Principal involved in the relevant incident of the facts concerning the incident.

#### Article 23. Formulation of the Pronouncement Concerning Protection of Personal Information

1. In consideration of the significance of explaining policies related to Personal Information in advance in an easy-to-understand manner, a Full Member is to formulate the pronouncement concerning its ideas and policies concerning protection of Personal Information (so-called privacy policy or privacy statement, etc.; hereinafter referred to as the “Pronouncement Concerning Protection of Personal Information”) and disclose it to the public.
2. For example, the Pronouncement Concerning Protection of Personal Information is to include the following matters.
  - (1) Pronouncement of policies concerning protection of Personal Information, such as the compliance with related laws and regulations, etc., prohibition of utilization of Personal Information for unintended purposes and proper processing of complaints
  - (2) Simple explanation of procedures for notification and public disclosure of the utilization purposes of personal information under Article 18 of the Protection Act
  - (3) Simple explanation of procedures for disclosure, etc. under Article 27 of the Protection Act or other various procedures for handling of Personal Information
  - (4) Contact information on offices processing inquiries and complaints concerning handling of Personal Information
3. A Full Member shall strive to incorporate as many descriptions as possible in consideration of the following points, depending on the characteristics, scale, and actual status of business activities, from the perspective of protecting rights and interests of a Principal, including general consumers, in the Pronouncement Concerning Protection of Personal Information.
  - (1) When a Principal makes a request, a Full Member is to suspend sending of direct email or otherwise voluntarily cease the utilization of the Retained Personal Data.
  - (2) A Full Member is to endeavor to increase transparency regarding outsourcing, such as clarifying whether it outsources any business or the content of outsourced business if any.
  - (3) A Full Member is to devise means to clarify utilization purposes for the respective Principal, through efforts such as presenting limited utilization purposes separately by the type of customers in consideration of the business contents or voluntarily endeavoring to limit utilization purposes based on

each choice by a Principal.

- (4) A Full Member is to indicate sources and methods of acquiring Personal Information (types of information sources, etc.) as concretely as possible.

Article 24. Review of the Guidelines

The Guidelines shall be reviewed as necessary.

Article 25. Report to the Association, etc.

1. The Association may request a Full Member to make a report where appropriate to confirm the Full Member's compliance with the Guidelines.
2. The Association shall provide guidance and recommendations and take other measures necessary to have Full Members comply with the Guidelines.
3. A Full Member must comply with the Guidelines and follow necessary guidance and recommendations provided, and other measures taken by the Association.

Supplementary Provision

The Guidelines shall come into force on April 1, 2005.

Supplementary Provision

This amendment shall come into force on 30 September 2007.

Supplementary Provision

This amendment shall come into force on March 21, 2008.

Supplementary Provision

This amendment shall come into force on March 19, 2009.

Supplementary Provision

This amendment shall come into force on December 17, 2009.

Supplementary Provision

This amendment shall come into force on January 4, 2013.

Supplementary Provision

This amendment shall come into force on October 15, 2015.

\* The amended provisions, etc. are as follows:

- Amendment of Articles

Articles 1 through 3, Article 7, Articles 10 through 12, Article 22

- Revision of explanations

Articles 1 through 3, Articles 5 through 10, Article 12, Article 13, Article 15, Article 19, Article 22, Article 23

- Revision of reference provisions

Articles 1 through 3, Article 5, Article 7, Articles 9 through 13, Article 16

#### Supplementary Provision

This amendment shall come into force on February 18, 2016.

\* The amended provisions, etc. are as follows:

- Explanation and reference provisions of Article 7

- Article 22, Paragraph 1 and explanation

#### Supplementary Provision

This amendment shall come into force on 30 May, 2017.

\* The amended provisions, etc. are as follows:

- Amendment of provisions, etc.

Articles 1 through 23 and 25 have been amended and Articles 13-2 through 13-5 have been newly added.

- Amendment of explanation and reference provisions, etc.

The explanation and reference provisions for each provision have been transferred to the newly established “Explanation on the Guidelines for Protection of Personal Information,” and deleted. The explanation and reference provisions have also been amended in accordance with the amended provisions.

#### Supplementary Provision

This amendment shall come into force on July 15, 2021.

\* The amended provisions, etc. are as follows:

- Article 1.

- Amendment of explanation and reference provisions, etc.

Articles 2 through 4, 7, 8, 10, 13, 13-2, and 23 have been amended.

Supplementary provisions are newly added.

# Explanation on the Guidelines for Protection of Personal Information

Established on April 20, 2017  
Revised on July 15, 2021

Guidelines for Protection of Personal Information	Explanations
<p><b>Article 1. Purpose</b></p> <p>1. In accordance with the Act on the Protection of Personal Information (Act No. 57 of 2003; hereinafter referred to as the “Protection Act”), the Cabinet Order to Enforce the Act on the Protection of Personal Information (Cabinet Order No. 507 of 2003; hereinafter referred to as the “Enforcement Order”), the Enforcement Rules for the Act on the Protection of Personal Information (Rules of the Personal Information Protection Commission No. 3 of 2016; hereinafter referred to as the “Enforcement Rules”), the Basic Policy on the Protection of Personal Information (Cabinet Decision on April 2, 2004), the Guidelines on the Act on the Protection of Personal Information (Volume on General Rules) (Notification of the Personal Information Protection Commission No. 6 of 2016), (Volume on Provision to a Third Party in a Foreign Country) of the said guidelines (Notification of the Personal Information Protection Commission No. 7 of 2016), (Volume on Confirmation and Record-Keeping Obligations upon Third-Party Provision) of the said guidelines (Notification of the Personal Information Protection Commission No. 8 of 2016), (Volume on Anonymously Processed Information) of the said guidelines (Notification of the Personal Information Protection Commission No. 9 of 2016), the Guidelines for the Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 1 of 2017) and the Practical Guideline on the Security Control Actions under the Guidelines for Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 2 of 2017), and others (hereinafter referred to as the “Laws and Regulations on Protection of Personal Information”), these guidelines provide for specification of utilization purposes, security control actions and other matters related to personal information as well as specific actions to be taken by Full Members (meaning Full Members specified in Article 7, Paragraph 1, Item 1 of the Articles of Incorporation; the same shall apply hereinafter) of the Investment Trusts Association, Japan (hereinafter referred to as the “Association”) in order to ensure the proper handling of personal information in business operations related to the investment management business operated by Full Members (meaning operations set forth in Article 2, Paragraph 8, Item 12 (a) and Item 14 of the same paragraph of the Financial Instruments and Exchange</p>	<p>(1) The Guidelines have been developed based on the provisions of Article 53 of the Protection Act, and provide for matters to be observed by Full Members and necessary actions, etc. to ensure proper handling of Personal Information in operation and direct public offering services conducted by Full Members in line with the current circumstances of Full Members’ services.</p> <p>(2) The Guidelines shall apply to all Full Members.</p> <p>(3) “Explanations” presents specific examples and reference examples of ideas and practices for implementing the Guidelines. Specific examples shown in the explanations are not intended to be limited to these examples, and attention is required, as there may be elements to be considered separately depending on individual cases.</p> <p>(4) The individual number (Article 2, Paragraph 5 of the Act on the Uses of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013; hereinafter referred to as the “Numbers Act”)) is also regarded as Personal Information; however, it should be noted that handling of the individual number and specific personal information (Article 2, Paragraph 8 of the Numbers Act) may be separately provided for in the Numbers Act, relevant government ordinances, and related guidelines.</p> <p>(5) A Full Member shall comply with the Personal Information Protection Guidelines established by each accredited personal information protection organization with regard to handling of Personal Information in services other than the operation and direct public offering services of Full Members, and shall endeavor to appropriately handle Personal Information in accordance with the purport of the Guidelines if the relevant accredited personal information protection organization has no guidelines, etc.</p> <p>(6) With regard to the Finance Sector GL and the Finance Sector Practical Guidelines, based on the General Rules GL, a Full Member has stipulated matters for which strict actions are required particularly of Personal Information Handling Business Operators in the finance sector in connection with handling of Personal Information, and other matters in light of the nature and use of Personal Information in the finance sector, and it should be noted that any matters not provided for in the Finance Sector GL and the Finance Sector Practical Guidelines are governed by the General</p>



Guidelines for Protection of Personal Information	Explanations
<p>Act (Act No 25 of 1948; hereinafter referred as the “FIEA”) including business operations incidental thereto) and business operations related to investment trust managed without instructions from the settlor, and business operations set forth in Article 2, Paragraph 8, Item 7 of the FIEA in association with beneficiary certificates, etc. (meaning beneficiary certificates (including book-entry transfer beneficial interest in an investment trust), investment corporation bond certificates (including book-entry transfer investment equity), or investment corporation bond certificates (including book-entry transfer investment corporation bonds)).</p> <p>2. In order to prevent divulgence, unauthorized leakage, or any other similar incident involving personal information, it is necessary for Full Members to develop systems for appropriate control of personal information in accordance with Laws and Regulations on Protection of Personal Information as well as related laws and regulations and guidelines, etc.</p>	<p>Rules GL, etc. In addition, it should also be noted that the Finance Sector GL states as follows.</p> <p>(i) Failure to follow any of the provisions that are described with the phrase “must (do)” may be judged to constitute violation of the provision of the Act.</p> <p>(ii) Failure to follow any of the provisions that are described with the phrases “is to (do),” “it is appropriate to (do),” or “it is desirable to (do)” is not judged immediately to constitute violation of the provision of law. Nevertheless, a Full Member is required to take strict measures in light of the nature and use of personal information in the finance sector.</p> <p>(7) In this explanation, the abbreviated name of guidelines, etc. relating to Personal Information shall be as follows.</p> <p>(i) General Rules GL Guidelines on the Act on the Protection of Personal Information (Volume on General Rules) (Notification of the Personal Information Protection Commission No. 6 of 2016)</p> <p>(ii) Foreign GL Guidelines on the Act on the Protection of Personal Information (Volume on Provision to a Third Party in a Foreign Country) (Notification of the Personal Information Protection Commission No. 7 of 2016)</p> <p>(iii) Confirmation and Record-Keeping GL Guidelines on the Act on the Protection of Personal Information (Volume on Confirmation and Record-Keeping Obligations upon Third-Party Provision) (Notification of the Personal Information Protection Commission No. 8 of 2016)</p> <p>(iv) Anonymous Processing GL Guidelines on the Act on the Protection of Personal Information (Volume on Anonymously Processed Information) (Notification of the Personal Information Protection Commission No. 9 of 2016)</p> <p>(v) Finance Sector GL Guidelines for the Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 1 of 2017)</p> <p>(vi) Finance Sector Practical Guidelines Practical Guideline on the Security Control Actions under the Guidelines for Protection of Personal Information in the Finance Sector (Notification of the Personal Information Protection Commission, Financial Services Agency No. 2 of 2017)</p> <p>(vii) Numbers Act, Finance GL (Supplementary volume) Guidelines for Proper Handling of Specific Personal Information in Financial Services of the Guidelines for Proper Handling of Specific Personal Information (for Business Operators) (Notification of the Specific</p>

Guidelines for Protection of Personal Information	Explanations
	<p>Personal Information Protection Commission No. 5 of 2014)</p> <p>(viii) Basic Policy the Basic Policy on the Protection of Personal Information (Cabinet Decision on April 2, 2004)</p> <p>[Reference provisions, etc.] Article 1 and Article 60 of the Protection Act, Article 1 of the Finance Sector GL, Article 4 of the Numbers Act</p>
<p><b>Article 2. Definition</b> In the Guidelines, the terms set forth in the following items are as defined in the respective items.</p>	<p>The definitions of the terms used in the Guidelines are based on each paragraph of Article 2 of the Protection Act, 2 of the General Rules GL, and Article 5, Paragraph 1 of the Finance Sector GL</p>
<p>(1) Personal Information</p> <p>This term refers to any information relating to a living person that is capable of identifying a specific person (including any information that can be readily collated with other information and thereby can identify a specific individual) or which contains a personal identification code.</p> <p>“Information Relating to an Individual” is not limited to information identifying an individual such as name, address, gender, date of birth and face image, and is all information representing facts, judgment, and evaluation with respect to attributes such as body, property, occupation and title of an individual, which also includes evaluation information, information made public by publications, etc., and information in the form of image or voice, whether or not such information is concealed by encryption, etc. If the above-mentioned “Information Relating to an Individual,” combined with names, etc., “can identify a specific individual,” it becomes “Personal Information.”</p> <p>If Information Relating to a non-living Individual is simultaneously Information Relating to a living Individual such as bereaved family members, the information shall be regarded as Information Relating to the living Individual.</p> <p>In addition, information relating to corporations and other organizations, such as company name, does not basically fall under the category of “Personal Information”; however, when Information Relating to an Individual, such as names of officers, is included in the information, such part of the information falls under the category of “Personal Information.”</p> <p>Furthermore, “individuals” naturally include foreign nationals.</p>	<p>1. Personal Information (No. 1)</p> <p>(1) Specific examples of “Personal Information”</p> <p>In addition to information relating to beneficiaries, etc. and information relating to customers for direct public offering (hereinafter referred to as “customers”), information relating to individuals of prospective customers, client companies, securities issuing companies, etc. and information relating to individuals acquired by a Full Member in its operation and direct public offering services, etc. broadly meet the definition.</p> <p>Personal Information in management of employment of a Full Member’s officers and employees (refer to Article 10, Paragraph 2 of the Guidelines), etc. (such as information on recruitment, wages, personal evaluation, and medical checkups) and Personal Information on shareholders of a Full Member itself are not subject to the Guidelines.</p> <p>(i) Information on Beneficiaries, etc. For example, the following may fall under this category.</p> <p>(a) Description in documents proving opinions of beneficiaries on change of contracts stipulated in Article 17 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”)</p> <p>(b) Matters stated in beneficial interest registers provided in Article 26, Paragraph 1, Item 8 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of 2000)</p> <p>(c) Information pertaining to Investors of an investment corporation in the event that administrative work has been entrusted by the investment corporation under Article 117 of the Investment Trust Act</p> <p>(ii) Information on customers (including information on original customers whose account was closed by cancellation of contract, etc.) For example, the following may fall under this category.</p> <p>(a) Matters stated in the Customer Card</p>

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	<p>(b) Matters stated in identification records</p> <p>(c) Matters stated in transaction account application forms</p> <p>(d) Information pertaining to a customer's transactions (including matters stated in a transaction balance report, as well as cash flows of customer accounts and acceptance and delivery of beneficiary certificates, etc.)</p> <p>(e) Matters stated in an application form for brokerage to a custodian</p> <p>(f) Correspondence with customers</p> <p>(iii) Information on individuals of prospective customers, client companies, securities issuing companies, etc.</p> <p>For example, the following may fall under this category.</p> <p>(a) Information such as name, company name, title, and telephone number</p> <p>(b) Information obtained from questionnaires and list brokers, etc.</p> <p>(c) Information that is in the public domain through official gazettes, large taxpayer lists, personnel records, etc.</p> <p>* Since the acquisition of Individual Number is limited to the purpose of performing clerical work specified in the Number Act, the provision of Individual Number must not be requested from any prospective customer.</p> <p>[Reference provisions, etc.] Article 15 of the Numbers Act</p> <p>(2) Examples falling under the category of information that "can identify a specific individual"</p> <p>For example, the following may fall under this category.</p> <p>(i) Information including name</p> <p>(ii) Information that does not include names but can identify a specific individual by numbers, symbols, images, sounds, or other information attached to each individual contained in the information</p> <p>(iii) Information that cannot solely identify a specific individual but can identify a specific individual by comparing numbers, symbols, or other information contained in the information with other information held by a Full Member or information disclosed to the public through processing by a computer, etc.</p> <p>(3) Cases falling under the category of "information that can be readily collated with other information and thereby can identify a specific individual"</p> <p>For example, in the case where Personal Information independently acquired by each handling department of a Full Member is separately stored in a database installed in each handling department, when both handling departments can check information on both databases in a general manner in the ordinary course of business, the information is considered in a state where it "can be readily collated."</p>

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	<p>On the other hand, in the case where it is necessary to make inquiries of other business operators and other cases, when it is difficult to collate information, or when it is not possible for a Full Member to collate information on both databases in a general manner in the ordinary course of business without taking time and effort because both handling departments of the Full Member or the person in the position of supervising the departments, etc. are strictly prohibited from handling both databases in the regulations or operation, the information is considered in a state where it “cannot be readily collated.”</p> <p>[Reference provisions, etc.] Article 2 of Protection Act, 2-1 of General Rules GL</p>
<p>1-2 Personal Identification Codes This term refers to letters, numbers, symbols, and other codes specified in Article 1 of the Enforcement Order as those that can identify a specific individual from the information alone.</p>	<p>1-2. Personal Identification Codes (Item 1-2) A “Personal Identification Code” refers to any character/letter, number, symbol, or other codes prescribed by cabinet order as those that can identify a specific individual from the information alone. Any information containing those falling under this category is regarded as Personal Information. Specific examples of Personal Identification Codes are as follows.</p> <p>(1) A character/letter, symbol, or other codes into which any bodily feature has been converted for use by computers that is enough to identify a specific individual, as shown in the following examples</p> <ul style="list-style-type: none"> <li>(i) Linear pattern formed by undulations on the surface of the iris</li> <li>(ii) Vocal quality determined by vibration of vocal cords, opening and closing of glottis, and shape and change of vocal tract when vocalizing</li> <li>(iii) Posture while walking and movement of both arms, stride length, and other aspects of walking</li> <li>(iv) Shape of veins defined by their branches and endpoints in a palm or in the back of a hand or under the skin of fingers</li> <li>(v) Fingerprint or palm print</li> </ul> <p>(2) Passport number (3) Basic pension number (4) License number (5) Resident register code (6) Individual number * Information on the deceased is not included in Personal Information, but it should be noted that individual numbers are subject to security control action even if they are related to the deceased. [Reference provisions, etc.]Article 12 of the Numbers Act</p> <p>(7) Number, etc. stated in an insurance card for health insurance that can identify a Principal * Numbers attached by private sector, etc. shall not be Personal Identification Codes. * It should be noted that there is some Personal Information that is not a Personal Identification Code but is regarded as Personal Information.</p>

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	<p>[Reference provisions, etc.]  Article 2 of the Protection Act, Article 1 of Enforcement Order, Article 2 through Article 4 of the Enforcement Rules, 2-2 of the General Rules GL</p>
<p>(2) Personal Information Database, etc.  This term refers to a collection of information including Personal Information listed below; provided, however, that this shall exclude those that are unlikely to damage rights and interests of individuals in light of the method of use.</p> <p>(a) Database, etc. systematically arranged so that specific Personal Information can be searched by using a computer</p> <p>(b) In addition to those described in (a) above, database, etc. systematically arranged so that specific Personal Information can be easily searched by organizing personal information in accordance with certain rules, which are placed in such a state that it can be easily searched with a table of contents, index, codes, etc.</p>	<p>2. Personal Information Database, etc. (No. 2)</p> <p>(1) Examples falling under the category of “Personal Information Database, etc.”  For example, the following may fall under this category.</p> <p>(i) Cases where officers and employees enter and organize information in business cards using spreadsheet software, etc. on business computers (irrespective of the owner), and use or provide it for “the company’s businesses” such as solicitation of transactions to customers (Item 2 (a))</p> <p>(ii) Even if a computer is not used, customer cards, etc. that are arranged in Japanese alphabetical order with an index (Item 2 (b))</p> <p>(2) Examples not falling under the category of “Personal Information Database, etc.”  Telephone directories, housing maps, personnel records, car navigation systems, questionnaire results, etc. on the market that have not been edited, processed, classified, or organized</p> <p>(3) Under the Numbers Act, a Personal Information Database, etc. is stipulated as a “personal information file.” In addition, a personal information file containing an individual number is a “specific personal information file.” It should be noted that the Numbers Act prohibits financial institutions from using individual numbers as customer numbers for the purpose of customer management. The same shall apply in cases where the number is replaced by alphabet, etc. by a certain rule of replacement, etc.</p> <p>*1 The Numbers Act stipulates that the person in charge of processes using individual numbers, etc. and the person engaged in processes using individual numbers, etc. must not create a specific personal information file beyond the extent necessary for handling processes using individual numbers, etc. Therefore, when an individual number is stated in an inquiry document, etc. received through tax investigation, the individual number must be deleted or disposed of immediately after the utilization purpose is achieved, regardless of whether the individual number is for an existing customer or not.</p> <p>*2 Since April 2020, an account management institution has been required under the General Act of National Taxes to manage subscriber information in a state of being searchable by an individual number. However, under the Numbers Act, it is prohibited to use an individual number as customer number for customer management.</p> <p>[Reference provisions, etc.]  Article 2 of the Number Act, 1-(1) of the Numbers Act, Finance GL, 2-4 of the General Rules, Article 74-13-3 of the General Rules for National Taxes</p>

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<p>(3) Personal Data This term refers to Personal Information constituting a Personal Information Database, etc.</p>	<p>3. Personal Data (Item 3)</p> <p>(1) Examples falling under the category of “Personal Data” For example, the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Personal Information downloaded from a Personal Information Database, etc. to a recording medium</li> <li>(ii) Information output from a Personal Information Database, etc. on paper (including copies thereof)</li> <li>(iii) In the case where a paper-based application form for opening a transaction account or a customer card, etc. prior to data entry is searchable in Japanese alphabetical order or account number order (falling under the category of “Personal Information Database, etc.”), Personal Information constituting the Personal Information Database, etc.</li> <li>(iv) In the case where even if the data has been processed by deleting “names” or any other means so that a third party cannot identify a specific individual from the data, specific Personal Information can be identified by comparing with other information and specific Personal Information can be easily retrieved from a Full Member’s perspective (falling under the category of “Personal Information Database, etc.”), Personal Information constituting the Personal Information Database, etc.</li> </ul> <p>(2) Examples not falling under the category of “Personal Data” For example, in the case where a paper-based application form for opening a transaction account or a customer card, etc. prior to data entry is not in a state of being searchable in Japanese alphabetical order or account number order, etc., Personal Information contained therein does not fall under the category.</p> <p>[Reference provisions, etc.] Article 2 of the Protection Act, 2-6 of the General Rules</p>
<p>(4) Personal Information Handling Business Operators This term refers to a person providing a Personal Information Database, etc. for use in business; however, excluding central government organizations, local governments, incorporated administrative agencies, etc. set forth by the Act on the Protection of Personal Information Held by Incorporated Administrative Agencies, etc. (Act No. 59 of 2003), and local incorporated administrative agencies set forth by the Local Incorporate Administrative Agencies Act (Act No. 118 of 2003).</p> <p>The term “business” used herein in reference to “for use in business” means similar acts that are repeatedly and continuously carried out for a certain purpose and deemed to be business under normal social conventions, whether for profit or non-profit.</p> <p>In addition, any person providing a Personal</p>	<p>[Reference provisions, etc.]Article 2 of the Protection Act, 2-5 of the General Rules GL</p>

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<p>Information Database, etc. for use in business is deemed to be a Personal Information Handling Business Operator, regardless of the number of specific individuals identified by Personal Information constituting the Personal Information Database, etc.</p> <p>Even a non-juridical association (voluntary organization) or an individual with no capacity of right shall be deemed to be a Personal Information Handling Business Operator if the association or individual provides a Personal Information Database, etc. for use in business.</p>	
<p>(5) Principal The term refers to a specific person identified by Personal Information.</p>	<p>[Reference provisions, etc.] Article 2 of the Protection Act</p>
<p>(6) Retained Personal Data This term refers to any Personal Data for which a Full Member has all authority to disclose, correct, add to or delete from the contents, to discontinue use, to erase, or to discontinue provision to any third party at the request of a Principal or his/her representative, other than the following Personal Data.</p>	<p>4. Retained Personal Data (Item 6)</p> <p>(1) Examples of “Retained Personal Data” For example, the following may fall under this category.</p> <p>(i) Personal information constituting Personal Information Database, etc. internally prepared and processed (database on the company’s customers, etc., or documents and books thereof)</p> <p>(ii) When a Full Member itself has authority to respond to all requests for disclosure, correction, addition or deletion, cessation, elimination, and cessation of provision to a third party (referred to as “authority for disclosure, etc.” in (2)) for a database created and possessed by combining external data such as corporate data with data within the Full Member, the data falls under the category of “Retained Personal Data.”</p> <p>(2) Examples not falling under the category of “Retained Personal Data” For example, a database, etc. obtained by a Full Member from an outsourcer in the case of handling Personal Data as outsourced service, and for which a Full Member itself has no authority for disclosure, etc. does not fall under the category.</p> <p>[Reference provisions, etc.] Article 2 of the Protection Act, 2-7 of the General Rules</p>
<p>(a) Personal Data that are likely to harm the life, body, or property of a Principal or a third party if their presence or absence is made known</p> <p>(b) Personal Data that are likely to promote or induce illegal or unjust acts if their presence or absence is made known</p>	<p>(3) Specific Examples of “Personal Data that are likely to promote or induce illegal or unjust acts if their presence or absence is made known” (Item 6 (b))</p> <p>(i) Cases where a Full Member holds Personal Data of an organized crime group, so-called “sokaiya” (corporate racketeer), an antisocial organization or its members, etc. for the purpose of preventing acts of unreasonable demand or otherwise examining the commencement of transactions</p> <p>(ii) Cases where a Full Member holds Personal Data of a person who repeats such acts of unreasonable demands in order to prevent such acts from so-called suspicious persons, malicious claimants, etc.</p> <p>[Reference provisions, etc.] Article 2 of the Protection Act, 2-7 of the General Rules</p>

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<p>(c) Personal Data that are likely to impair the safety of Japan, impair trust relationship with other countries or international organizations, or suffer disadvantages in negotiations with other countries or international organizations if their presence or absence is made known</p>	<p>(4) Specific examples of “Personal Data that are likely to impair the safety of Japan, impair trust relationship with other countries or international organizations, or suffer disadvantages in negotiations with other countries or international organizations if their presence or absence is made known” (Item 6 (c)) For example, information on schedule of VIPs’ activities [Reference provisions, etc.] Article 2 of the Protection Act, 2-7 of the General Rules</p>
<p>(d) Personal Data that are likely to interfere with the prevention, suppression, or investigation of crimes or the maintenance of public safety and order if their presence or absence is made known</p>	<p>(5) Specific examples of “Personal Data that are likely to interfere with the prevention, suppression, or investigation of crimes or the maintenance of public safety and order if their presence or absence is made known” (Item 6 (d)) (i) Cases where a Full Member holds Personal Data of suspect, etc. in the course of receiving and replying to inquiries from the police regarding matters related to investigations (ii) Information subject to notification of transactions that are suspected to relate to criminal proceeds (suspicious transactions) (iii) Information on an account used for a bank transfer fraud [Reference provisions, etc.] Article 2 of the Protection Act, Article 4 and Article 5 of the Enforcement Order, 2-7 of the General Rules</p>
<p>(e) Personal data to be deleted (except for renewal) within six (6) months</p>	<p>[Reference provisions, etc.] Article 2 of the Protection Act, 2-7 of the General Rules</p>
<p>(7) Special Care-required Personal Information The term refers to Personal Information comprising certain descriptions, etc. as those whose handling requires special care so as not to cause unfair discrimination, prejudice, or other disadvantages.</p>	<p>5. Special Care-required Personal Information (Item 7) Specific examples of information falling under the category of Special Care-required Personal Information (1) Race (2) Creed (3) Social status (4) Medical history (5) Criminal background (6) Fact that a person has been damaged by crime (7) Fact that a person has a physical disability, an intellectual disability, a mental disability (including a developmental disability), or any other physical or mental disability stipulated by the Enforcement Rules (8) Results of medical checkups or other inspections for prevention and early detection of diseases conducted by physicians or other persons engaged in healthcare-related duties for a Principal (9) Fact that based on results of medical checkups, etc., or on the grounds of sickness, injury, or other mental or physical change, guidance or medical treatment or prescription for improving the mental or physical condition of a Principal has been provided by a physician, etc. (10) Fact that arrest, search, seizure, detention, institution of prosecution, or any other proceeding in connection with a criminal case has been taken</p>



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	<p>with a Principal as the suspect or defendant</p> <p>(11) Fact that investigation, protective measures, adjudication, protective measures, or any other proceedings relating to a case for the protection of a juvenile have been taken for a Principal as a juvenile prescribed in Article 3, Paragraph 1 of the Juvenile Act or a person suspected of being such a juvenile</p> <p>[Reference provisions, etc.] Article 2 of the Protection Act, 2-3 of the General Rules</p>
<p>(8) Sensitive Information</p> <p>In the finance sector, this term refers to Special Care-required Personal Information and information relating to individuals' membership in a labor union, family origin, registered domicile, healthcare, and sex life (among these, excluding the matters falling under the category of the Special Care-required Personal Information) (excluding any information made public by the Principal or by a national government organ, local public entity, or any of those set forth in the items of Article 76, Paragraph 1 of the Protection Act, or the items of Article 6 of the Enforcement Rules, or seemingly clear information acquired by visual observation, filming, or photographing of the Principal).</p>	<p>6. Sensitive Information (Item 8)</p> <p>It should be noted that any information made public by the Principal or by a national government organ, local public entity, or any of those set forth in the items of Article 76, Paragraph 1 of the Protection Act, or the items of Article 6 of the Enforcement Rules, or seemingly clear information acquired by visual observation, filming, or photographing of the Principal shall not be included in Sensitive Information even if such information falls under the category of Special Care-required Personal Information under laws and regulations.</p> <p>[Reference provisions, etc.] Article 5 of the Finance Sector GL</p>
<p>(9) Anonymously Processed Information</p> <p>This term refers to Information Relating to an Individual that can be produced from processing Personal Information so as to neither be able to identify a specific individual by taking action prescribed in accordance with the divisions of Personal Information nor be able to restore the Personal Information.</p>	<p>7. Anonymously Processed Information (Item 9)</p> <p>(1) The following information is considered to fall under the category of Anonymously Processed Information.</p> <p>(i) In the case of Personal Information that is “those containing a name, date of birth, or other descriptions, etc. whereby a specific individual can be identified (including those that can be readily collated with other information and thereby identify a specific individual),” information generated by deleting a name, date of birth, or other descriptions, etc. contained from the Personal Information so that a specific individual cannot be identified</p> <p>(ii) In the case of Personal Information that “contains a Personal Identification Code,” information from which all Personal Identification Codes included in the Personal Information are deleted so that a specific individual cannot be identified</p> <p>* “Can identify a specific individual” refers to a state that can be judged so under social conventions from the information alone or those stored by combining multiple pieces of information, and depends on whether it can be concluded that identity between a specific living person and information is recognized with a common person’s judgment or understanding.</p> <p>(2) When Anonymously Processed Information is created, it is necessary to take actions in accordance with the Protection Act and the Anonymous Processing GL. “Anonymously Processed Information is created” refers to</p>

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	<p>creating such information to be handled as Anonymously Processed Information. For example, cases where information continues to be handled as Personal Information after some Personal Information such as name is deleted (or replaced by other descriptions, etc.) as part of security control action (including cases where original Personal Information is restored) or where Personal Information is processed to create statistical information, or other cases do not fall under the category of “Anonymously Processed Information is created.”</p> <p>[Reference provisions, etc.]  Article 2 of Protection Act, 2-8 of the General Rules, 2-1 of the Anonymous Processing GL</p>
<p><b>Article 3. Specification of Purpose of Use</b></p> <ol style="list-style-type: none"> <li>1. A Full Member must, in handling Personal Information, specify in what kind of business the Personal Information is provided for use and for what purpose it is used as explicitly as possible so that the Principal can reasonably anticipate them.</li> <li>2. When a utilization purpose in the preceding paragraph is specified, abstract expressions such as “to be used for a purpose required by the company” are not considered to satisfy the requirement of “as explicitly as possible.” Therefore, a Full Member must make efforts to specify the utilization purpose by indicating the financial instruments or services to be provided.</li> <li>3. When utilization purposes of specific Personal Information are limited by laws and regulations, etc., a Full Member is to clearly indicate that fact.</li> <li>4. A Full Member must, in case of altering utilization purpose, not do so beyond “the scope recognized reasonably relevant to the pre-altered utilization purpose” stipulated in Article 15, Paragraph 2 of the Protection Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. If provision of Personal Information to a third party is assumed in advance when identifying the utilization purpose, a Full Member needs to specify the purpose so that the fact is clearly understood.</li> <li>2. Examples of specifying a utilization purpose <p>Each Full Member shall specify a purpose of utilizing Personal Information by reference to the following examples.</p> <ol style="list-style-type: none"> <li>(1) Business details (optional matter) <p>The description of business details shall be at the discretion of each company, and in the case where they are described, the following examples shall be referred to.</p> <ol style="list-style-type: none"> <li>(i) Business operations set forth in Article 2, Paragraph 8, Item 12, (a) of the FIEA or business operations set forth in Item 14 of the said paragraph and business operations incidental thereto (in the case of a trust company, etc. which is the trustee company of an investment trust managed without instructions from the settlor, trust business, and business operations incidental thereto)</li> <li>(ii) Business operations stipulated in Article 2, Paragraph 8, Item 7 of the FIEA</li> <li>(iii) Business operations that a Full Member may engage in under Article 35, Paragraph 2 of the FIEA and business operations incidental thereto</li> <li>(iv) Any other business operations that a Full Member may engage in and business operations incidental thereto (including any business operations that may be permitted in the future)</li> </ol> </li> <li>(2) Utilization purpose (required matter) <p>For example, a utilization purpose shall be concretely specified as follows. It is also possible to describe the purpose of utilizing individual numbers. In this case, make sure that customers can clearly understand that the utilization purpose is independent of the purpose of utilizing other Personal Information.</p> <ol style="list-style-type: none"> <li>(i) To solicit, sell, or offer services for securities issued by the company</li> <li>(ii) To judge the appropriateness of provision of goods and services in light of the principle of</li> </ol> </li> </ol> </li> </ol>

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	<p>suitability, etc.</p> <p>(iii) To receive applications for securities or services such as opening transaction accounts, etc.</p> <p>(iv) To confirm that the person is a customer, the Principal, or a representative of the Principal</p> <p>(v) To report the transaction results, balance, etc. to customers</p> <p>(vi) To perform clerical work for transactions with customers</p> <p>(vii) To exercise rights and perform obligations under contracts with customers or laws, etc.</p> <p>(viii) To conduct market research, and research and development of financial products and services through data analysis, questionnaires, etc.</p> <p>(ix) To appropriately perform entrusted work in the case where a whole or part of administration work for Personal Information is entrusted by an investment corporation to the company as a trustee for general administration work, and other cases</p> <p>(x) Otherwise to perform transactions with customers properly and smoothly</p> <ul style="list-style-type: none"> <li>● Purpose of utilizing individual number Regardless of the purpose of utilizing Personal Information in any of the preceding items, an individual number shall be used solely for “clerical work for application and notification for opening an account for financial Instruments transaction” and “clerical work for preparation and submission of legal documents related to financial instruments transactions.”</li> </ul> <p>* In the case of notifying, publicizing, or clearly showing the purpose of utilizing individual numbers separately from the purpose of utilizing Personal Information, it is necessary to clearly indicate to the customer that the purpose of utilizing Personal Information has been notified, publicized, or clearly shown separately and then take care not to make any omission in notifying, publicizing, or clearly showing the respective utilization purposes. For example, it is possible to describe the purpose of utilizing individual number as follows.</p> <ul style="list-style-type: none"> <li>● Purpose of utilizing individual number <ul style="list-style-type: none"> <li>(i) Clerical work for application and notification for account opening for financial instruments transactions</li> <li>(ii) Clerical work for preparation and submission of legal documents relating to financial instruments transactions</li> </ul> </li> </ul> <p>* Please check the purpose of utilizing Personal Information other than personal number, which has been made public on our website, etc.</p> <p>3. Scope of change of a utilization purpose (Examples of acceptable cases) “Send product information, etc. by mail” → “Send product information, etc. via e-mail” (Examples of unacceptable cases) “Used for tabulation of questionnaire” → “Used</p>

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	<p>for mailing of product information, etc.”  [Reference provisions, etc.]  Article 15 of the Protection Act, Article 2 of the Finance Sector GL, 1 - (1) of the Numbers Act, Finance GL, 3-1-1 and 3-1-2 of the General Rules GL</p>
<p><b>Article 4. Format of Consent</b>  When obtaining the consent of a Principal specified in the next article, Article 13 and Article 13-2, a Full Member is to do so in writing (including an electromagnetic record; the same shall apply hereinafter) in principle.  In the case where the Principal is a minor, adult ward, person under curatorship, or person under assistance and does not have the ability to judge results of the consent to the handling of Personal Information, and other cases, consent must be obtained from a person with parental authority or legal representative, etc.</p>	<p>(1) Specific examples of methods to obtain “consent”  (i) Method to obtain consent by stating a utilization purpose and consent wording on a written document with which Personal Information is obtained directly from the Principal or on another written document and requiring a Principal’s signature (and seal)  (ii) In the case of the Internet, etc., method through reception of intercommunication using electric communication lines such as e-mail, SMS, etc. from a Principal with indication of intention to give consent on the screen (such as clicking of an approval button by a Principal, touching a touch panel to indicate consent, and input using a button, switch, etc.) or consent wording stated on it (hereinafter referred to as “e-mail, etc.”), voice entry by a Principal, and other means  (iii) In the case of non-face-to-face communication, such as telephone calls, other than (i) and (ii) above, when consent is obtained orally, it is necessary to establish a system in which indication of a customer’s intention to consent can be verified subsequently by making internal records (listening sheets, etc.) or recording voice, etc.  (2) Matters to be noted in the case of using a written consent that is prepared in advance  It is desirable that a Principal understand provisions regarding handling of Personal Information that are clearly separated from others by changing the size of letters and expression of sentences, etc.  Alternatively, it is desirable to check consent in such a way that the intention of a Principal can be clearly reflected, for example, by providing a confirmation field in a written consent document that is prepared in advance and allowing the Principal to check the consent.  (3) In the case where a Principal is a minor, it is considered that consent of a person with parental authority is necessary when the minor does not have the ability to judge the result of his or her consent regarding handling of Personal Information.  [Reference provisions, etc.]  2-12 of the General Rules GL, Article 3 of the Finance Sector GL</p>
<p><b>Article 5. Restriction due to a Utilization Purpose</b>  1. A Full Member must not handle Personal Information without obtaining in advance a Principal’s consent beyond the necessary scope to achieve a utilization purpose specified in Article 3. However, use of Personal Information (such as</p>	<p>(1) When a Full Member uses Personal Information that has already been obtained in connection with business operations to be newly handled, the Personal Information is considered to be within the scope necessary to achieve a utilization</p>

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<p>sending an e-mail or making a telephone call) to obtain a Principal’s consent in advance shall not be deemed as a utilization for unintended purposes even if it is not included the utilization purposes as originally specified.</p>	<p>purpose specified in Article 3, unless these business operations are deviated from “any other business operations that a Full Member may engage in and business operations incidental thereto (including any business operations that may be permitted in the future)” specified in the utilization purpose.</p> <p>[Reference provisions, etc.] Article 16 of the Protection Act, 3-1-3 of the General Rules GL</p>
<p>2. A Full Member must, in case of having acquired Personal Information as a result of succession of a business from another Personal Information Handling Business Operator because of a merger or other reason, not handle the Personal Information without obtaining in advance a Principal’s consent beyond the necessary scope to achieve the pre-succession utilization purpose of the said Personal Information.</p> <p>In addition, when personal information is handled within the necessary scope to achieve the pre-succession utilization purpose, it shall not be deemed as a utilization for unintended purposes, and a Principal’s consent does not need to be obtained.</p>	<p>(2) Under the category of “merger or other reason” (Paragraph 2), in addition to a merger, generally business succession in which Personal Data, such as customer information, related to the business are generally also taken over as a whole, including business transfer, contribution in kind of business, and company split, etc., fall.</p> <p>After the business succession, when handling Personal Information beyond the scope necessary to achieve the utilization purpose before the business succession, it is necessary to obtain consent of a Principal in advance. However, even if the use of Personal Information to obtain the consent (such as sending e-mails and making telephone calls) is not stated as the utilization purpose before the succession of business, such use of Personal Information shall not be regarded as use for any purpose other than the original intent.</p> <p>(3) It should be noted that, in principle, individual number may not be used for any purpose other than the original intent even if consent of the Principal is obtained.</p> <p>[Reference provisions, etc.] Article 16 of the Protection Act, 3-1-4 of the General Rules GL, Article 9, and Article 30, Paragraph 3 of the Numbers Act and 1 - (1) of the Numbers Act, Finance GL</p>
<p>3. The preceding two paragraphs shall not apply to any of the following cases.</p>	<p>(4) Notwithstanding any of the items set forth in Paragraph 3, individual numbers may be handled exceptionally only in the following cases.</p> <p>(i) Cases in which a financial institution pays money at the time of serious disaster, etc.</p> <p>(ii) Cases in which there is a need to protect a human life, body, or property, and when the Principal has given consent or it is difficult to obtain a Principal’s consent</p> <p>[Reference provisions, etc.] Article 16 of the Protection Act, Article 9 of the Numbers Act, 1 - (1) of the Numbers Act, Finance GL</p>
<p>(1) Cases based on laws and regulations</p>	<p>(5) Specific examples of “cases based on laws and regulations” (Paragraph 3, Item 1)</p> <p>For example, the following may fall under this category.</p> <p>(i) Article 74-2 through Article 74-6 of the Act on General Rules for National Taxes (Questioning and Inspection by Tax Authorities)</p> <p>(ii) Article 1 of the National Tax Violations Control Act (Voluntary Investigation of Criminal Cases by</p>

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	<p>Collecting Officials or Tax Collectors)</p> <p>(iii) Article 197 of the Code of Criminal Procedure (Inquiry for Matters Related to Investigation)</p> <p>(iv) Article 8, Paragraph 1 of the Act on Prevention of Transfer of Proceeds from Crime (hereinafter referred to as the “Crime Proceeds Transfer Prevention Act”) (Notification of Suspicious Transactions, etc.)</p> <p>(v) Article 223 of the Code of Civil Procedure (Order to Submit Documents)</p> <p>(vi) Article 218, Paragraph 1 of the Code of Criminal Procedure (Seizure, Search and Inspection by Warrant)</p> <p>(vii) Article 225 of the Income Tax Act (Payment Record and Notice of Payment)</p> <p>(viii) Article 72-63 of the Local Tax Act (Right of Employees of the Ministry of Internal Affairs and Communications to Ask Questions and Make Inspection Pertaining to Individual Business Tax);</p> <p>(ix) Article 141 of the National Tax Collection Act (Questioning and Inspection)</p> <p>(x) Article 10-6 of the Act on Special Provisions, etc. of the Income Tax Act, the Corporation Tax Act, and the Local Tax Act Incidental to Enforcement of Tax Treaties, etc. (Report of Account Information Pertaining to Automatic Information Exchange System based on the Common Reporting Standards (CRS))</p> <p>(xi) Article 56-2, Article 210, and Article 211 of the FIEA (Collection and Inspection of Report, Questioning, Inspection, Retention, etc., Visit, Search, Seizure, etc.)</p> <p>(xii) Article 78, Paragraph 2, Article 78, Paragraph 6, and Article 78, Paragraph 7 of the FIEA  * Provision of information to self-regulating organizations under the FIEA, etc.  Cases where a Full Member provides Personal Information to the Association in order to carry out the Association’s self-regulation related services, such as reporting and notification to the Association, investigation by the Association or complaint consultation and mediation business by the Association, etc. under the provisions of the Articles of Incorporation and other rules of the Association, which have been established in accordance with the FIEA, etc.</p> <p>(xiii) Article 23-2, Paragraph 2 of the Attorney Act (Inquiries from Bar Associations)  For example, cases where it becomes necessary as evidential material to be submitted to a court, etc.  It should be noted that although the relevant laws and regulations have a provision stating that a third party may request provision of Personal Information, when a Full Member is allowed not to respond to the request for a justifiable reason, the Full Member shall respond within the scope of the necessity and</p>

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	<p>reasonableness of use for any purpose other than the original intention in light of the purport of the relevant laws and regulations.</p> <p>In this case, for example, as a response when an inquiry of a bar association is received, if it is difficult to judge whether the response is within the scope of the necessity and reasonableness of providing Personal Data, it is desirable to obtain the Principal's consent.</p> <p>[Reference provisions, etc.] Article 16 of the Protection Act, 3-1-5 of the General Rules GL</p>
(2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent	<p>(6) Specific examples of "cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal's consent" (Paragraph 3, Item 2)</p> <p>For example, "person" includes "corporation," and the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Cases of collecting information on illegal activities of an organized crime group, so-called "sokaiya" (corporate racketeer), an antisocial organization or its members, etc., information on an account used for a bank transfer fraud, and other information</li> <li>(ii) Cases of making inquiries of the police about customers who are suspected to be antisocial forces</li> <li>(iii) Cases of providing information to medical institutions in order to deal with sudden illness of customers, etc.</li> <li>(iv) Cases of providing information to the police about a person who persistently and intentionally interferes with business</li> <li>(v) Assets disclosure to a family member of a Principal in a situation in which the Principal is missing due to an earthquake, disaster, etc. continues</li> </ul> <p>[Reference provisions, etc.] Article 16 of the Protection Act, 3-1-5 of the General Rules GL</p>
(3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent	<p>[Reference provisions, etc.] Article 16 of the Protection Act, 3-1-5 of the General Rules GL</p>
(4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs	<p>(7) Specific examples of "cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs" (Paragraph 3, Item 4)</p> <p>For example, the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Cases of responding to voluntary investigation conducted by tax authorities from the perspective of achieving appropriate taxation without exercising individual rights to ask questions and investigate.</li> </ul>

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	<p>(Note) A Full Member individually judges whether or not “there is a need to cooperate.” However, it is desirable that a Full Member accepts an “inquiry form for transactions of securities, etc.” and other documents from tax authorities, identifies Personal Information subject to the inquiry, and then provides the relevant information.</p> <p>(ii) Cases of responding to voluntary investigation by police</p> <p>(iii) Cases of providing police with information on an account used for a bank transfer fraud</p> <p>(iv) Cases of replying to a general statistical survey It should be noted that a Full Member shall respond within the scope of the necessity and reasonableness of use for any purpose other than the original intention in light of the purport of the voluntary request.</p> <p>[Reference provisions] Article 16 of the Protection Act, Article 4 of the Finance Sector GL, 3-1-5 of the General Rules GL</p>
<p><b>Article 6. Handling of Sensitive Information</b> 1. A Full Member shall not acquire, use, or provide to a third party any Sensitive Information, except for the following cases.</p>	<p>(1) Examples of information not falling under the category of Sensitive Information For example, the following does not fall under the category.</p> <p>(i) Publicly known information stated in newspapers, television programs, official gazettes, etc.</p> <p>(ii) Information on “nationality (including the existence of permanent residence)” in the case of using the “nationality” in order to confirm the governing law in the performance of inheritance and tax obligations</p> <p>(2) Matters to be noted regarding Sensitive Information</p> <p>(i) The timing for acquiring Sensitive Information is the stage at which a Full Member stores the information as information used for business purposes by binding it to a file or other means.</p> <p>(ii) When a copy of a driver’s license stating registered address, conditions of the license, etc. (limited to those where the content of the conditions, etc. falls under the category of Sensitive Information) is received as an identification document from a customer in order to identify the customer under the Crime Proceeds Transfer Prevention Act, etc. on and after April 1, 2005, if the registered address, conditions of the license, etc. are blacked out swiftly before filing (storing), this is not regarded as “acquisition” of Sensitive Information.</p> <p>In addition, it should be noted that information regarding intention to donate organs, etc. (including special columns), which is not necessary for identification confirmation, shall not be acquired from the back of a driver’s license, the face of an individual number card, a health insurance card, and others, regardless of whether it is Sensitive Information, because such</p>



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	<p>information is not necessary for operation and direct public offering services, etc.</p> <p>It should be noted that Sensitive Information acquired prior to April 1, 2005 may not be used or provided to any third party on and after the said date, except in the cases set forth in each item of Paragraph 1 of this article.</p> <p>It should also be noted that any Special Care-required Personal Information acquired prior to May 30, 2017 (excluding Sensitive Information prior to May 30, 2017) may not be used or provided to any third party after May 30, 2017 except in the cases set forth in the items of Paragraph 1 of this Article.</p>
(1) Cases based on laws and regulations, etc.	<p>(3) Specific examples of “cases based on laws and regulations, etc.” (Paragraph 1, Item 1)</p> <p>In addition to laws, government ordinances, ordinances, and treaties, with regard to guidance documents issued by cabinet decision or a public office, for example, the following may fall under this category.</p> <p>(i) Cases of receiving a physical disability certificate (copy) from a customer in order to check his or her qualification to use the “tax-free small-sum savings system for people with disabilities.”</p> <p>(ii) Cases of acquiring information on the antisocial activities of an organized crime group, an antisocial organization or its members described in documents and others at a meeting, etc. of the Organized Crime Group Expulsion Campaign Promotion Center under the Act on the Prevention of Unjust Acts by Organized Crime Group Members</p> <p>(iii) Cases of providing Personal Information through notification of suspicious transactions under Article 8, Paragraph 1 of the Crime Proceeds Transfer Prevention Act</p>
(2) Cases in which there is a need to protect a human life, body, or property	<p>(4) Specific examples of “cases in which there is a need to protect a human life, body, or property” (Paragraph 1, Item 2)</p> <p>(i) Cases of acquiring criminal information for the purpose of identifying an organized crime group, so-called “sokaiya” (corporate racketeer), an antisocial organization or its members, etc.</p> <p>(ii) Cases where a Full Member obtains information on sickness such as dementia from a family member or the like of a customer whose decision-making ability has deteriorated on behalf of the customer, when the Full Member confirms conformity of the customer</p> <p>[Reference provisions, etc.] Article 17, Paragraph 2, Item 2 of the Protection Act</p>
(3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children	

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(4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations	
(5) Cases in which there is a need to acquire, use, or provide to a third party any Sensitive Information of its employees, etc. concerning their affiliation to or membership in a political or religious group or labor union within the scope necessary for the performance of affairs relating to withholding taxes, etc.	
(6) Cases in which any Sensitive Information is acquired, used, or provided to a third party to the extent necessary for performing the transfer of rights and obligations arising from inheritance procedures	(5) Specific examples of cases in which any Sensitive Information is acquired, used, or provided to a third party to the extent necessary for performing the transfer of rights and obligations arising from inheritance procedures (Paragraph 1, Item 6) For example, cases of obtaining a copy of a family register for inheritance proceedings [Reference provisions, etc.] Article 5 of the Finance Sector GL
(7) Cases in which a Full Member acquires, uses, or provides to a third party any Sensitive Information based on the consent of a Principal to the extent necessary for performing its services from the necessity to ensure appropriate operation of its businesses run by the Full Member	
(8) Cases in which biometric information, which falls under the category of Sensitive Information, is used based on a Principal’s consent for the purpose of identity verification	(6) “Biometric information” refers to an example of a Personal Identification Code (1) in Explanation 1-2 of Article 2.
2. When a Full Member acquires, uses, or provides to a third party any Sensitive Information in the case set forth in the preceding paragraph, the Full Member shall handle the information with extreme caution so as to avoid acquisition, use, or provision to a third party of the information beyond the grounds set forth in the same paragraph.	
3. When a Full Member acquires, uses, or provides to a third party any Sensitive Information in the cases set forth in Paragraph 1 of this article, the Full Member must make a response appropriately in accordance with Laws and Regulations on Protection of Personal Information.	(7) It should be noted that, for example, in acquiring Special Care-required Personal Information, consent of the Principal shall be obtained in advance in accordance with Article 17, Paragraph 2 of the Protection Act.
4. Article 23, Paragraph 2 of the Protection Act (opt-out provision) is not to apply to the case where a Full Member provides Sensitive Information to a third party.	(8) Since provision of Special Care-required Personal Information to third parties through opt-out is prohibited by the Protection Act, any Sensitive Information that does not fall under the category of special care-required Personal Information also is not to be provided to a third party through opt-out.
<p><b>Article 7. Proper Acquisition of Personal Information</b></p> <p>1. A Full Member must not acquire Personal Information by deceit or other improper means. In addition, a Full Member must not unjustifiably infringe interests of a Principal in acquiring Personal Information from a third party.</p>	<p>(1) Cases where Personal Information has been obtained by “improper means” For example, the following may fall under this category.</p> <p>(i) Cases of acquiring Personal Information of a family member, such as income situation of family, which is not relevant in consideration of the acquisition circumstance from a child or a</p>

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	<p>person with a disability who does not have adequate judgment ability, without consent of the family member.</p> <p>(ii) Cases of acquiring Personal Information by forcing someone into the violation of the restriction of provision to a third party stipulated in Article 23, Paragraph 1 of the Protection Act</p> <p>(iii) Cases of acquiring Personal Information from a Principal by intentionally showing false information as to the entity acquiring personal Information, utilization purpose, etc.</p> <p>(iv) Cases of acquiring Personal Information from other business operators by instructing the other business operators to obtain the Personal Information through improper means</p> <p>(v) Cases of acquiring Personal Information despite knowing or being able to know easily that violation of the restriction of provision to a third party prescribed in Article 23, Paragraph 1 of the Protection Act is being committed</p> <p>(vi) Cases of acquiring Personal Information despite knowing or being able to know easily that the Personal Information has been acquired by improper means</p> <p>(2) Acquisition of individual number and basic pension number</p> <p>It should be noted that individual number and basic pension number must not be obtained other than in cases specified by laws and regulations (* 1).</p> <p>From May 25, 2020, the notification card for confirming individual number has been abolished, but a transitional measure has been taken, and the card may be used for identification under the Numbers Act only when the following conditions are satisfied (pursuant to the partial enforcement of the “Act for Partial Revision of the Act on Use of Information and Communications Technology in Administrative Procedures, etc. for Improving the Convenience for Persons Concerned in Administrative Procedures, etc. through Use of Information and Communications Technology and Simplifying and Streamlining Administrative Operations”).</p> <p>(i) There is no change to matters described on the notification card.</p> <p>However, in the case where there is any change to matters described on the notification card before the date of abolishment, if measures to change matters to be described on the notification card have not been taken by the mayor of the municipality (including the mayor of a special ward), the transitional measures concerning the guidance for protection of Personal Information shall not apply.</p> <p>(ii) Confirmation is to be made that matters described on a notification card are present information, by the method specified by the Numbers Act such as receiving identification</p>

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	<p>documents separately.</p> <p>* 1. It should be also noted that in addition to individual number, any request to disclose basic pension number, symbol, number, etc. for insured persons (meaning insurer number and number, symbol, number, etc. for insured persons; the same shall apply hereinafter) is prohibited in principle, even for the purpose of identity confirmation (the restriction on request for disclosure is imposed on symbol, number, etc. for insured persons on and after October 1, 2020 when the revised Health Insurance Act, etc. comes into effect). For example, in the case of requesting a copy of a health insurance card, etc. as an identification document on the website or leaflets, etc. for customers, if “Please confirm that the symbol or number is clearly shown.” or other descriptions are presented on the website or leaflets, etc., this might be deemed as request for disclosure of number, symbol, number, etc. for insured persons. Therefore, a Full Member should refrain from providing such notification.</p> <p>[Reference provisions, etc.]  Article 17 of the Protection Act, 3-2-1 of the General Rules GL, Articles 15, 16, 19 and 20 of the Numbers Act, 3-(2) and 3-(3) of the General Rules GL, Article 108-4 of the National Pension Act, Article 194-2 of the Health Insurance Act, Article 161-2 of the Act on Assurance of Medical Care for Elderly People, Article 111-2 of the National Health Insurance Act, Article 143-2 of the Mariners Insurance Act, Article 45 of the Private School Personnel Mutual Aid Act, Article 112-2 of the National Public Officers Mutual Aid Association Act, Article 144-24-2 of the Act on Mutual Aid Association for Local Public Officers, Article 74-13-4 of the Act on General Rules for National Taxes, Article 8 of the Act on Improvement in Method of Number Use (Act No. 28 of 2013)</p>
<p>2. When acquiring Personal Information through provision from a third party, a Full Member shall confirm the status of compliance with laws and regulations of the provider and also confirm that the Personal Information has been lawfully acquired.</p>	<p>(3) Specific method to confirm the status of compliance of a provider  For example, confirmation for opt-out, the utilization purpose, and disclosure procedures, and that contact information for receiving inquiries and complaints, and other matters are possible.</p> <p>(4) For example, the fact that “Personal Information to be provided has been obtained legally” is confirmed by any of the following methods.</p> <p>(i) Inspection of documents such as contracts showing the process of acquisition, etc.  (ii) Acceptance of confirmation stating that the information has been obtained legally  (iii) Oral confirmation of legality and proper preservation of internal records  If it cannot be confirmed that Personal Information to be provided has been legally obtained, it is desirable to consider a prudent response, including voluntary restraint of the acquisition.</p> <p>[Reference provisions, etc.]3-2-1 of the General Rule</p>

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	<p>GL</p> <p>(*) With regard to Personal Data transferred from the European Economic Area (EEA) based on an adequacy decision under Article 45 of the Regulation of the European Parliament and of the Council on the Protection of Natural Persons with regard to the Processing of Personal Data and on the Free Movement of Such Data, and Repealing Directive 95-46-EC (General Data Protection Regulation: hereinafter referred to as the “GDPR”) (meaning “Personal Data” set forth in Article 4, Item 1 of the GDPR), it should be noted such Personal Data are subject to application of the complementary rules.</p> <p>[Reference provisions, etc.] Complementary Rules</p>
<p><b>Article 8. Notification, Public Disclosure, Clear Indication, etc. of a Utilization Purpose When Acquiring Personal Information</b></p> <p>1. A Full Member must, in case of having acquired Personal Information except in cases where a utilization purpose has been disclosed in advance to the public, promptly inform a Principal of, or disclose to the public, the utilization purpose. In this case, the method to “inform” is to be in writing, in principle, and as for the method to “disclose to the public,” a Full Member must employ appropriate methods, such as making the relevant matters public on its website, etc. or posting or keeping the document at a counter of the head office or any other business office, etc., depending on the sales method of its financial instruments or other mode of business.</p>	<p>(1) Specific examples of the method to “Inform” For example, there are the following methods.</p> <ul style="list-style-type: none"> <li>(i) Notification by directly delivering documents such as leaflets (in principle)</li> <li>(ii) Notification given orally or through automatic answering machine, etc.</li> <li>(iii) Notification sent by e-mail/facsimile, etc. or notification by sending a document by mail, etc.</li> </ul> <p>(2) Specific examples of a method to “disclose to the public” For example, there are the following methods.</p> <ul style="list-style-type: none"> <li>(i) Posting at a place that can be accessed from the top page of the company’s own website with one operation or so.</li> <li>(ii) Posting of posters, etc. and keeping and distribution of pamphlets, etc. at a place that customers are expected to visit, such as the company’s business office</li> </ul> <p>(Note) With regard to Personal Information held prior to the date of enforcement of the Protection Act on April 1, 2005, there was no act of acquiring relevant Personal Information at the time of the enforcement of the Protection Act, and the provisions of Article 18 of the Protection Act shall not apply.</p> <p>[Reference provisions, etc.] 2-10, 2-11 of the General Rules GL</p>
<p>2. A Full Member must, notwithstanding the provisions of the preceding paragraph, in cases where it acquires the Principal’s Personal Information stated in a written contract or other document as a result of conclusion of a contract with a Principal, state the utilization purpose explicitly to the said Principal in advance. This, however, shall not apply in cases where there is an urgent need to protect a human life, body, or property.</p>	<p>(3) Examples of “cases where it acquires Personal Information stated in a written contract or other document” from a Principal (Paragraph 2) For example, there are the following cases.</p> <ul style="list-style-type: none"> <li>(i) Cases of receiving an application form for transaction account setup or an application form for brokerage to a custodian company, etc. from a Principal</li> <li>(ii) Cases of receiving identification documents or copies thereof from a Principal</li> <li>(iii) Cases of directly obtaining Personal Information stated in a reply card or questionnaire from a Principal</li> <li>(iv) Cases of obtaining Personal Information that a person wishing to participate in a campaign</li> </ul>

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	<p>sponsored by the company entered on the input screen of the company’s website to apply for the participation</p> <p>(4) Specific examples of “clear indication” method For example, there are the following methods.</p> <ul style="list-style-type: none"> <li>(i) Method of clearly indicating the matter on a document stating a utilization purpose</li> <li>(ii) Method of clearly indicating the matter by posting posters, etc.</li> <li>(iii) Method of clearly indicating the matter by distributing pamphlets or leaflets, etc.</li> <li>(iv) In the case of Internet transactions, method of clearly indicating the matter on the input screen for customers or by e-mail to customers</li> </ul> <p>(5) Content of “clear indication,” etc.</p> <ul style="list-style-type: none"> <li>(i) The content to be “clearly indicated” is the purpose of utilizing Personal Information obtained. “Clear indication” shall be made either by indicating only the purpose of utilizing Personal Information stated in the contract or other documents, or by indicating all or part of the comprehensive utilization purpose specified in Article 3.</li> <li>(ii) In the case where the comprehensive utilization purpose is clearly indicated at the time of commencing a transaction, etc., when a purpose of utilizing Personal Information stated in the contract or any other documents is within the scope of the comprehensive utilization purpose that has been clearly indicated at the time of commencing a transaction, etc., it is not necessary to clearly indicate a utilization purpose again, each time the Personal Information in writing is obtained.</li> </ul> <p>(6) Specific examples of required notification or public disclosure to a Principal (excluding Cases where notification is to be given individually before acquisition)</p> <ul style="list-style-type: none"> <li>(i) Cases of obtaining Personal Information that has been voluntarily made public by a Principal on the Internet (excluding cases of merely browsing the Personal Information)</li> <li>(ii) Cases of obtaining Personal Information from the Internet, official gazettes, personnel records, etc. (excluding cases of merely browsing the Personal Information)</li> <li>(iii) Cases of receiving a third-party provision of Personal Information</li> </ul> <p>[Reference provisions, etc.]3-2-3 and 3-2-4 of the General Rules GL</p> <p>(7) Notification, public disclosure, and clear indication of the purpose of utilizing individual number</p> <ul style="list-style-type: none"> <li>(i) A Full Member must also make notification, public disclosure, and clear indication of the purpose of utilizing individual number.</li> <li>(ii) It is possible that notification, public disclosure, and clear indication of the purpose of utilizing individual number are made by adding the purpose to the purpose of utilizing Personal</li> </ul>

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	<p>Information. However, it is not precluded to make notification, public disclosure, and clear indication of the purpose of utilizing individual number separately from the purpose of utilizing Personal Information.</p> <p>(iii) When notification, public disclosure, and clear indication of the purpose of utilizing individual number is made by adding it to the purpose of utilizing Personal Information, make sure that customers can clearly understand that the purpose of utilizing individual number is independent from the purpose of utilizing other Personal Information. For example, the following descriptions are possible.</p> <ul style="list-style-type: none"> <li>● Regardless of the above purpose of utilizing Personal Information, an individual number shall be used solely for “clerical work for application and notification for opening an account for financial Instruments transaction” and “clerical work for preparation and submission of legal documents related to financial instruments transactions.”</li> </ul> <p>(iv) In the case of notifying, publicizing, or clearly showing the purpose of utilizing individual numbers separately from the purpose of utilizing Personal Information, it is necessary to clearly indicate to the customer that the purpose of utilizing Personal Information has been notified, publicized, or clearly shown separately and then take care not to make any omission in notifying, publicizing, or clearly showing the respective utilization purposes. For example, it is possible to describe the purpose of utilizing individual number as follows.</p> <ul style="list-style-type: none"> <li>● Purpose of utilizing individual number <ol style="list-style-type: none"> <li>1) Clerical work for application and notification for account opening for financial instruments transactions</li> <li>2) Clerical work for preparation and submission of legal documents relating to financial instruments transactions</li> </ol> </li> <li>* Please check the purpose of utilizing Personal Information other than personal number, which has been made public on our website, etc.</li> </ul> <p>(v) When entrusting collection of individual numbers to a Financial Instruments Intermediary Service Provider, it should be noted that the utilization purpose to be clearly indicated by the Financial Instruments Intermediary Service Provider to customers is not the utilization purpose of the Financial Instruments Intermediary Service Provider itself but the utilization purpose stipulated by the entrusting Full Member.</p>
<p>3. A Full Member must, in case of altering a utilization purpose, inform a Principal of, or disclose to the public, the post-altered utilization purpose.</p>	<p>[Reference provisions, etc.] Article 18, Paragraph 3 of the Protection Act, 3-1-2 of the General Rules GL</p>
<p>4. The preceding three paragraphs shall not apply to any of the following cases. (1) Cases in which there is a possibility that informing a</p>	<p>(8) Specific examples of “cases in which there is a</p>

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<p>Principal of, or disclosing to the public, a utilization purpose would harm a Principal or third party's life, body, property, or other rights and interests</p>	<p>possibility that informing a Principal of, or disclosing to the public, the utilization purpose would harm a Principal or third party's life, body, property or other rights and interests" (Paragraph 4, Item 1)</p> <p>For example, cases where a provider of information on an organized crime group, so-called "sokaiya" (corporate racketeer), an antisocial organization or its members, etc., information subject to a report of suspicious transactions, information on an account used for bank transfer fraud, information on a malicious person who has interfered with business operations may cause a third party's unjustified resentment</p> <p>[Reference provisions, etc.] Article 18, Paragraph 4 of the Protection Act, 3-2-5 of the General Rules GL</p>
<p>(2) Cases in which there is a possibility that informing a Principal of, or disclosing to the public, a utilization purpose would harm the rights or legitimate interests of the Full Member</p>	<p>(9) Specific examples of "cases in which there is a possibility that informing a Principal of, or disclosing to the public, the utilization purpose would harm the rights or legitimate interests of the Full Member" (Paragraph 4, Item 2)</p> <p>For example, the following may fall under this category.</p> <p>(i) Cases where the revelation that a Full Member has acquired information on antisocial forces such as an organized crime group, information subject to a report of suspicious transactions, information on an account used for bank transfer fraud, information on a malicious person who has interfered with business operations causes harm to the Full Member that has received provision of information</p> <p>(ii) Cases where something related to company secrets such as the content of development of new products, etc. conducted by a Full Member and know-how on sales and marketing is revealed from notification or a utilization purpose made public, causing harm to healthy competition</p> <p>[Reference provisions, etc.] Article 18, Paragraph 4 of the Protection Act, 3-2-5 of the General Rules GL</p>
<p>(3) Cases in which there is a need to cooperate with a central government organization or a local government performing affairs prescribed by laws and regulations, and when there is a possibility that informing a Principal of, or disclosing to the public, a utilization purpose would interfere with the performance of the said affairs</p>	<p>(10) Specific examples of "cases in which there is a need to cooperate with a central government organization or a local government performing affairs prescribed by laws and regulations, and when there is a possibility that informing a Principal of, or disclosing to the public, the utilization purpose would interfere with the performance of the said affairs" (Paragraph 4, Item 3)</p> <p>For example, cases of receiving provided Personal Information on a suspect necessary for cooperation in an investigation from an investigation agency</p> <p>[Reference provisions, etc.] Article 18, Paragraph 4 of the Protection Act, 3-2-5 of the General Rules GL</p>



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<p>(4) Cases in which it can be recognized, judging from the acquisitional circumstances, that a utilization purpose is clear</p>	<p>(11) Specific examples of “cases in which it can be recognized, judging from the acquisitional circumstances, that a utilization purpose is clear” (Paragraph 4, Item 4)  For example, the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Cases where information on the address and name provided by a requester in connection with a document request by phone, etc. is used solely for sending the requested document</li> <li>(ii) Cases of acquiring personal names, etc. of the representative person, officers, and employees in charge of a corporation through transactions with the corporation and using such Personal Information solely for these transactions</li> <li>(iii) Cases of acquiring Personal Information through exchange of business cards for future communications  When sending direct mails or conducting solicitation activities, it is considered that the utilization purpose is clearly indicated by confirming the fact at the time of exchanging business cards or before sending direct mails.</li> <li>(iv) Cases of calling back at an incoming number that is not anonymous concerning the same matter [Reference provisions, etc.]</li> </ul> <p>Article 18, Paragraph 4 of the Protection Act, 3-2-5 of the General Rules GL, Article 6 of the Finance Sector GL</p>
<p><b>Article 9. Assurance, etc. about the Accuracy of Data Contents</b></p> <p>1. A Full Member must endeavor to keep Personal Data accurate and up-to-date within the necessary scope to achieve the utilization purpose by establishing procedures for collation and confirmation at the time of inputting Personal Information into Personal Information Database, etc., establishing procedures for correction, etc. in the event of discovery of errors, etc., renewing record matters, setting a retention period, etc.</p> <p>It should be noted that it is not necessary to update the Personal Data held in a single uniform way or at all times, and it is sufficient to ensure accuracy and recency within the necessary scope in accordance with the respective utilization purposes.</p> <p>In addition, a Full Member must endeavor to delete Personal Data without delay when utilization of the data has become unnecessary, such as cases where the utilization purpose has been achieved and there is no longer reasonable reason to hold such Personal Data in relation to the purpose, and where the business constituting the premise for the purpose has been discontinued although the utilization purpose has not been achieved. However, this shall not apply to cases where the retention period, etc. is stipulated by laws and regulations.</p>	<p>(1) Specific examples of methods to “keep Personal Data accurate and up to date”  Each Full Member shall endeavor to reflect the content of notification from customers promptly and accurately in a Personal Information Database, etc., and at the same time, make necessary responses, for example, by the following methods.</p> <ul style="list-style-type: none"> <li>(i) Disseminate procedures for notification of change of names, addresses, etc. of customers on documents delivered at the time of concluding contracts, transaction balance reports, etc., and websites.</li> <li>(ii) Inform the customer himself or herself of information on a customer card, etc. on a regular basis and request the customer to confirm the content thereof.</li> </ul> <p>* It should be noted that individual numbers shall not be described in any documents, etc. other than payment records, etc., because individual numbers may not be used beyond the scope of the utilization purpose.</p> <p>(2) “Retention period”  The retention period also applies to permanent storage with reasonable reason.</p> <p>* It should be noted that individual numbers may be stored only if it is necessary to do clerical work specified in the Numbers Act, and must therefore be deleted and disposed of as soon as possible</p>

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	<p>when the retention period set forth in the applicable laws and regulations expires.  [Reference provisions, etc.]  Article 19 of the Protection Act, 3-3-1 of the General Rules GL, Article 7 of the Finance Sector GL, Article 20 of the Numbers Act, 3 - (3) of the Numbers Act, Finance GL</p>
<p><b>Article 10. Security Control Action</b>  1. A Full Member must take necessary and appropriate action, such as establishment of basic policies and handling rules for security control and development of a system for security control measures, for the security control of Personal Data including preventing the leakage, loss, or damage of its handled Personal Data. In addition, necessary and appropriate action must include “Institutional Security Control Measures,” “Human Security Control Measures,” and “Technological Security Control Measures” in accordance with each stage of acquisition, utilization and preservation, etc. of Personal Data. These actions shall be those corresponding to risks arising from the scale and nature of the business, the handling status of Personal Data (including the size and volume of its handled Personal Data; the same shall apply hereinafter), the nature of the medium in which Personal Data is recorded and other factors, in consideration of the significance of infringement and rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.  2. The definition of terms in this article is as follows.  (1) Institutional Security Control Measures  This term means measures for system development and actions to be taken by Full Member for security control of Personal Data, such as to clearly determine the responsibility and authority of each officer and employee (meaning persons engaging in the business of a Full Member within its organization under direct or indirect control and supervision of the Full Member, not limited to employees having an employment relationship (regular employees, contract employees, fixed-term employees, part-timers, and casual staff, etc.), but including those without an employment relationship with the Full Member (directors, accounting advisors (when an accounting advisor is a corporation, employees who are to perform the duties thereof), company auditors, executive officers, or temporary staff; the same shall apply hereinafter), establish and implement rules on security control, and inspect and audit the implementation status.  (2) Human Security Control Measures  This term means to conclude a non-disclosure contract with officers and employees and provide them with education and training, thereby supervising officers and employees so as to ensure security control of Personal Data.  (3) Technological Security Control Measures</p>	<p>(1) A Full Member shall take appropriate measures in accordance with the size, content of businesses, etc. of the Full Member based on the Finance Sector GL and the Finance Sector Practical Guidelines, in order to prevent leakage, loss, or damage of Personal Data, and otherwise to ensure security control of Personal Data.  (2) Specific examples of those corresponding to risks  For example, a list that is available for purchase by many and unspecified people as needed at bookstores and has not been processed at all by a Full Member (line markers and sticky notes on the list does not constitute processing) is considered to be unlikely to infringe any right or interest of an individual. Therefore, even if such a list is disposed of without being processed by a document shredder or if such a list is collected, the list will not violate the Full Member’s obligation to take security control measures.  [Reference provisions, etc.]  Article 20 of the Protection Act, Article 8 of the Finance Sector GL, Finance Sector Practical Guidelines, Article 12 of the Numbers Act)</p>

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<p>This term means technological measures concerning security control of Personal Data, such as to limit access to Personal Data and the information system handling such data, and to monitor that information system.</p>	
<p>3. A Full Member must take the following Institutional Security Control Measures for establishing basic policies and handling rules for security control of Personal Data.</p> <p>(1) Development of rules, etc.</p> <p>(a) Development of basic policies for security control of Personal Data</p> <p>(b) Development of handling rules for security control of Personal Data</p> <p>(c) Development of rules for inspection and audit of the handling status of Personal Data</p> <p>(d) Development of rules for outsourcing</p> <p>(2) Handling rules for safety control at each stage</p> <p>(a) Handling rules at the stage of acquisition and input of data</p> <p>(a) Handling rules at the stage of use and processing of data</p> <p>(a) Handling rules at the stage of preservation and retention of data</p> <p>(d) Handling rules at the stage of transfer and sending of data</p> <p>(e) Handling rules at the stage of deletion and disposal of data</p> <p>(f) Handling rules at the stage of responding to information leakage or other incidents</p> <p>4. A Full Member must take the following Institutional Security Control Measures, Human Security Control Measures and Technological Security Control Measures for developing a system for security control of Personal Data.</p> <p>(1) Institutional Security Control Measures</p> <p>(a) Appointment of employees responsible for the management of Personal Data, etc. (a person responsible for Personal Data management who is the overall person in charge of execution of operations relating to security control of Personal Data, persons responsible for Personal Data management in each division handling Personal Data)</p> <p>(b) Development of security control actions in rules of employment, etc.</p> <p>(c) Operation in line with the handling rules for security control of Personal Data</p> <p>(d) Development of means to check the handling status of Personal Data</p> <p>(e) Development and implementation of a system for inspection and audit of the handling status of Personal Data</p> <p>(f) Development of a system for responding to information leakage or other incidents</p> <p>(2) Human Security Control Measures</p> <p>(a) Conclusion of a non-disclosure contract, etc. concerning Personal Data with officers and employees</p>	<p>(3) Specific examples of means to check the handling status of Personal Data</p> <p>(i) As for Personal Data, it is required to put in place a ledger containing the following matters.</p> <p>(a) Items to be obtained, (b) Utilization purpose, (c) Place of storage, method of storage, and storage life, (d) Department of administration, (e) Status of access authority</p> <p>(ii) On the other hand, as for specific Personal Information files, it is required to put in place a ledger (not to state any specific Personal Information) with the following matters serving as examples.</p> <p>(a) Type and name of the specific Personal Information file, (b) Responsible person, department in charge of handling, (c) Utilization purpose, (d) Status of deletion and disposal, (e) Person with access rights</p>

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<ul style="list-style-type: none"> <li>(b) Clarification of roles, responsibilities, etc. of officers and employees</li> <li>(c) Thorough dissemination of security control actions to officers and employees and their education and training</li> <li>(d) Checking of compliance with predetermined Personal Data management procedures by officers and employees</li> <li>(3) Technological Security Control Measures <ul style="list-style-type: none"> <li>(a) Identification and authentication of Personal Data users</li> <li>(b) Setting of management categories of Personal Data and access control</li> <li>(c) Management of authority to access Personal Data</li> <li>(d) Measures to prevent the leakage, damage, etc. of Personal Data</li> <li>(e) Recording and analysis of access to Personal Data</li> <li>(f) Recording and analysis of operation of the information systems handling Personal Data</li> <li>(g) Monitoring and audit of the information system handling Personal Data</li> </ul> </li> </ul>	
	<p>(4) It should be noted that some of Institutional Security Control Measures and Technological Security Control Measures are required to be put in place as “physical security control measures” under the Numbers Act, Finance GL. Specifically, the following measures may be taken.</p> <ul style="list-style-type: none"> <li>(i) Specific examples of control of areas where specific Personal Information, etc. is handled <ul style="list-style-type: none"> <li>(a) In installation sites of a computer system, etc. storing a specific Personal Information file or an area where the specific Personal Information file can be taken out by writing it on an external storage medium, as controlled areas, entering and leaving management, restriction on devices brought, installation of surveillance cameras where needed, and other measures may be implemented.</li> <li>(b) Other than the above, in places where specific Personal Information, etc. is obtained and input to a computer system, or documents, etc. are temporarily stored, as handling areas, installation of walls or partitions, inventions on seating configuration, and other measures may be implemented.</li> </ul> </li> <li>(ii) Specific examples of measures to prevent theft, etc. of equipment, electronic media, etc. <ul style="list-style-type: none"> <li>In order to prevent theft or loss, etc. of equipment, electronic media, documents, etc. in areas where specific Personal Information files are handled, electronic media or documents, etc. shall be stored in lockable cabinets, folders, etc., and equipment shall be fixed using security wires, etc.</li> </ul> </li> <li>(iii) Specific examples of measures to prevent leakage, etc. in the case of taking out electronic</li> </ul>

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	<p>media, etc.  When electronic media or documents, etc. on which specific Personal Information, etc. are recorded are taken out, secure measures shall be taken, including encryption, protection using passwords, implementation of measures where individual numbers are not found out easily due to use of lockable transport containers, etc., and use of traceable transport means.</p> <p>(iv) Specific examples of deletion of individual numbers and disposal of equipment, electronic media, etc.  When the retention period, etc. set forth in the applicable laws and regulations, etc. expires, individual numbers shall be deleted or disposed of by any means that cannot be restored as promptly as possible, and the record of such deletion or disposal shall be kept. In addition, when commissioning these works, a Full Member shall confirm with its contractor whether individual numbers have been surely deleted or disposed of by means of certificates, etc.</p> <p>(v) Specific examples of responses to tax inspections in and after April 2020  - In and after April 2020, while as part of a tax investigation using individual numbers, national tax authorities present reference documents, etc. containing individual numbers through research visit, the receipt of such reference documents, etc. (including copies thereof) shall be handled by the person managing handling clerical affairs relating to individual numbers, such as branch manager, or the person in charge of handling clerical affairs relating to individual numbers. In addition, the person managing handling clerical affairs relating to individual numbers, or the person in charge of handling clerical affairs relating to individual numbers shall forward the inquiry documents, etc. to a specific controlled area in each company, and shall check such inquiry documents, etc. with its own customer information and answer the inquiry, etc. to national tax authorities in the controlled area.  - When an individual number is stated in an inquiry document, etc. received through forwarding from a branch office that received a research visit or by mail from national tax authorities, the individual number must be deleted or disposed of immediately after the utilization purpose is achieved, regardless of whether the individual number is for an existing customer or not.</p> <p>[Reference provisions, etc.]  Article 20 of the Protection Act, 3-3-2 of the General Rules, Article 8 of the Finance Sector GL, Finance Sector Practical Guidelines</p>

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<p><b>Article 11. Supervision over Officers and Employees</b></p> <p>1. A Full Member must, in having its officers and employees handle Personal Data, establish an appropriate internal management system and exercise necessary and appropriate supervision over the officers and employees so as to seek the security control of the Personal Data. The supervision shall correspond to risks arising from the nature of the business, the handling status of Personal Data and other factors, in consideration of the significance of infringement of rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.</p> <p>2. A Full Member is to exercise the “necessary and appropriate supervision” over the officers and employees in the preceding paragraph by establishing the following systems, etc.</p> <p>(1) To conclude a contract, etc. upon recruiting an officer or employee to ensure that the officer or employee will not disclose to a third party any Personal Data that the person has come to know in relation to businesses operated by the Full Member or use such data for unintended purposes while being employed and after resigning from the job</p> <p>(2) To clarify the roles and responsibilities of officers and employees through establishing handling rules to ensure proper handling of Personal Data, and thoroughly disseminate the obligation to ensure security control among its officers and employees and provide them with education and training</p> <p>(3) To develop a system for checking compliance of its officers and employees with the matters specified in internal security control rules and inspecting and auditing their attitudes toward the protection of Personal Data in order to prevent them from taking out any Personal Data.</p>	<p>(1) For the definition of officers and employees in this article, see Article 10, Paragraph 2, Item 1 of the Guidelines</p> <p>(2) Specific examples of cases where necessary and appropriate supervision has not been exercised over officers and employees</p> <p>(i) Cases where it is not confirmed that officers and employees are performing their duties in accordance with the rules for security control measures for Personal Data, and as a result, Personal Data are leaked</p> <p>(ii) Cases where any laptop computer or external recording medium containing Personal Data has been repeatedly taken out in violation of internal rules, etc. of the company, but the act has been neglected, and as a result, the personal computer or external recording medium is lost and Personal Data are leaked.</p> <p>[Reference provisions, etc.] Article 21 of the Protection Act, 3-3-3 of the General Rules GL, Article 9 of the Finance Sector GL, Finance Sector Practical Guidelines, Article 12 of the Numbers Act</p>
<p><b>Article 12. Supervision over Outsourcers</b></p> <p>1. When a Full Member outsources the partial or entire handling of Personal Data (including the entirety of outsourcing contracts, irrespective of the form or type thereof, under which a Full Member has another entity carry out the whole or part of the handling of Personal Data), the Full Member must exercise necessary and appropriate supervision over the relevant outsourcee so as to ensure security control of the outsourced Personal Data. The supervision shall correspond to risks arising from the scale and nature of the outsourced business, the handling status of Personal Data and other factors, in consideration of the significance of infringement of rights and interests that may be suffered by the Principal in the event of a leakage, loss, or damage of Personal Data.</p> <p>2. A Full Member must select an entity that is found to be properly handling Personal Data as an outsourcee and secure measures for security control of Personal Data also at that outsourcee so that security control measures are taken for the outsourced Personal Data (in the case where an outsourcee further outsources</p>	<p>(1) Outsourcers include foreign outsourcers.</p> <p>(2) It should be noted that when clerical affairs relating to individual numbers are outsourced, the same control as that of the outsourcer must be required.</p> <p>(3) In the case of sub-outsourcing and thereafter, it is necessary to require the equivalent control and to provide supervision appropriately.</p> <p>[Reference provisions, etc.] Article 22 of the Protection Act, Article 10 of the Finance Sector GL, Finance Sector Practical Guidelines, Article 11 of the Numbers Act, 2-(1) of the Numbers Act, Finance GL</p> <p>(4) It should be noted that, in the case of sub-outsourcing of clerical affairs relating to individual numbers, it is necessary to obtain permission from the original outsourcer.</p> <p>[Reference provisions, etc.] Article 10 of the Numbers Act, 2 - (1) of the Numbers Act, Finance GL</p> <p>(5) Specific examples of cases where necessary and appropriate supervision has not been exercised</p>

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<p>personal information-related duties, the Full Member shall also supervise whether the outsourcee sufficiently supervises the sub-outsourcees). Specifically, a Full Member must make the following responses, etc. for example.</p> <p>(1) Specify the requirements to develop an organizational system and establish basic policies and handling rules for security control as the criteria for selecting outsourcees and review those criteria regularly in order to ensure the security control of the Personal Data.</p> <p>When selecting an outsourcee, it is desirable that the Full Member checks the candidate’s capabilities by visiting the place where Personal Data is handled, as necessary, or by other reasonable methods and has its person responsible for the management of Personal Data make an evaluation of the candidate appropriately.</p> <p>(2) Incorporate in an outsourcing contract specific security control actions that clarify the authority on the supervision and audit of and the collection of reports from the outsourcee, prohibition of the leakage of, stealing and alteration, and the utilization of Personal Data for unintended purposes by the outsourcee, conditions concerning sub-outsourcing and the responsibility of the outsourcee in the event of information leakage, etc., and at the same time, check the outsourcee’s compliance with the security control actions incorporated in the outsourcing contract, regularly or as needed, and review those measures through conducting audits regularly or taking other actions.</p> <p>It is desirable that the person responsible for Personal Data management, etc. review the security control actions incorporated in the outsourcing contract and appropriately evaluate the outsourcee’s compliance therewith.</p> <p>When an outsourcee intends to outsource the relevant duties to another entity, it is desirable that the Full Member sufficiently confirms that the outsourcee appropriately supervises the sub-outsourcee of this article and that the sub-outsourcee takes security control actions based on Article 20 of the Protection Act, as in the case with the outsourcee, by such means as requesting the outsourcee to make a report on the sub-outsourcee, the content of duties to the sub-outsourcee, and sub-outsourcee’s method of handling Personal Data in advance and go through prior approval process or implementing regular audits by themselves or making the outsourcee do so. The same shall apply to cases of further sub-outsourcing.</p>	<p>over those receiving outsourcing contracts</p> <p>(i) Cases where as a result of outsourcing to an external business operator without understanding the status of security control actions for Personal Data at the time of concluding the contract and thereafter, the outsourcee leaks Personal Data</p> <p>(ii) Cases where as a result of giving no instructions to an outsourcee on the content of necessary security control actions in relation to handling Personal Data, the outsourcee leaks Personal Data</p> <p>(iii) Cases where an outsourcer does not give any instructions to an outsourcee on terms and conditions of sub-outsourcing and failed to confirm the status of handling Personal Data of the outsourcee, and the outsourcee sub-outsources processing of Personal Data, and as a result, the sub-outsourcee leaks Personal Data.</p> <p>(iv) Cases where an outsourcer has not taken any necessary measures such as requesting an outsourcee to make a report on sub-outsourcing, despite the contract providing for understanding of the implementation status of sub-outsourcing by the outsourcee, and sub-outsourcing that the outsourcer does not know is implemented, and as a result, the sub-outsourcee leaks Personal Data.</p> <p>[Reference provisions, etc.] Article 22 of the Protection Act, 3-3-4 of the General Rules GL</p>
<p><b>Article 13. Restriction on Third-Party Provision</b></p> <p>1. A Full Member must not provide Personal Data to a third party (meaning those who do not fall under any of the categories of a Full Member attempting to provide the Personal Data and a Principal relating to the Personal Data, regardless of whether the party is</p>	<p>(1) Matters to be noted in the case of providing Personal Data When a Full Member provides Personal Data to a third party, it is necessary to obtain consent from the Principal in advance. If a Full Member intends</p>

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<p>an individual, corporation or any other organization; the same shall apply except for Article 13-2 through Article 13-5) without obtaining in advance a Principal’s consent. In obtaining consent, the Full Member must clearly indicate the content within a reasonable and appropriate scope that is considered necessary for the Principal to make a judgment on the consent in accordance with the scale and nature of the business, the handling status of Personal Data and other factors.</p> <p>If provision of Personal Information to a third party is assumed in advance, a Full Member must specify the fact in the utilization purpose.</p> <p>However, in any of the following cases, a Principal’s consent is unnecessary in the provision of Personal Data to a third party.</p>	<p>to provide Personal Data without obtaining consent from the Principal, the Full Member shall confirm whether or not the provision of Personal Data falls under any of the following and take necessary actions.</p> <ul style="list-style-type: none"> <li>(i) Exclusion from application under laws and regulations, etc. (Paragraph 1, Item 1 through Item 4)</li> <li>(ii) By opt-out (Paragraph 2) <ul style="list-style-type: none"> <li>* It should be noted that any opt-out is not allowed for Sensitive Information (as defined in Article 2, Paragraph 1, Item 8 of the Guidelines).</li> </ul> </li> <li>(iii) Outsourcing (Paragraph 4, Item 1)</li> <li>(iv) Business succession such as merger (Paragraph 4, Item 2)</li> <li>(v) Joint use (Paragraph 4, Item 3) <ul style="list-style-type: none"> <li>When obtaining consent for provision of Personal Data to a third party, consent shall be acquired in writing in principle, and the consent shall be obtained after having the Principal recognize the third party to which the Personal Data is provided, the utilization purpose of the third party receiving the provided data, and the content of information to be provided to the third party through descriptions in the written document.</li> </ul> </li> </ul> <p>(2) Third-party provision of specific Personal Information</p> <p>Specific Personal Information may be provided to a third party only in the cases stipulated under the Numbers Act. Notwithstanding Items 1 through 4 in the left column, a Full Member may provide specific Personal Information only when a payment record with individual number stated on it is submitted to the district director of the tax office.</p> <p>Also, it should be noted that individual numbers are not intended for joint use, and such use is regarded as third-party provision.</p> <p>[Reference provisions, etc.]  Article 15, Article 19, Article 30, Paragraph 3 of the Numbers Act, 3 - (2) of the Numbers Act, Finance GL</p>
<p>(1) Cases based on laws and regulations</p>	<p>(3) Specific Examples of “cases based on laws and regulations” (Paragraph 1, Item 1)</p> <p>For example, the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Article 74-2 through Article 74-6 of the Act on General Rules for National Taxes (Questioning and Inspection by Tax Authorities)</li> <li>(ii) Article 1 of the National Tax Violations Control Act (Voluntary Investigation of Criminal Cases by Collecting Officials or Tax Collectors)</li> <li>(iii) Article 197 of the Code of Criminal Procedure (Inquiry for Matters Related to Investigation)</li> <li>(iv) Article 8, Paragraph 1 of the Crime Proceeds Transfer Prevention Act (Notification of Suspicious Transactions)</li> <li>(v) Article 223 of the Code of Civil Procedure (Order to Submit Documents)</li> </ul>



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	<p>(vi) Article 218, Paragraph 1 of the Code of Criminal Procedure (Seizure, Search, and Inspection by Warrant)</p> <p>(vii) Article 225 of the Income Tax Act (Payment Record and Notice of Payment)</p> <p>(viii) Article 72-63 of the Local Tax Act (Right of Employees of the Ministry of Internal Affairs and Communications to Ask Questions and Make Inspection Pertaining to Individual Business Tax);</p> <p>(ix) Article 141 of the National Tax Collection Act (Questioning and Inspection)</p> <p>(x) Article 10-6 of the Act on Special Provisions, etc. of the Income Tax Act, the Corporation Tax Act, and the Local Tax Act Incidental to Enforcement of Tax Treaties, etc. (Report of Account Information Pertaining to Automatic Information Exchange System based on the Common Reporting Standards (CRS))</p> <p>(xi) Article 56-2, Article 210 and Article 211 of the FIEA (Collection and Inspection of Report, Questioning, Inspection, Retention, etc., Visit, Search, Seizure, etc.)</p> <p>(xii) Article 78, Paragraph 2, Article 78, Paragraph 6, and Article 78, Paragraph 7 of the FIEA  * Provision of information to self-regulating organizations under the FIEA  Cases where a Full Member provides Personal Information to the Association in order to carry out the Association's self-regulation related services, such as reporting and notification to the Association, investigation by the Association or complaint consultation and mediation business by the Association, etc. under the provisions of the Articles of Incorporation and other rules of the Association, which have been established in accordance with the FIEA, etc.</p> <p>(xiii) Article 23-2, Paragraph 2 of the Attorney Act (Inquiries from Bar Associations)  For example, cases where it becomes necessary as evidential material to be submitted to a court, etc.  It should be noted that although the relevant laws and regulations have a provision stating that a third party may request provision of Personal Information, when a Full Member is allowed not to respond to the request for a justifiable reason, the Full Member shall respond within the scope of the necessity and reasonableness of use for any purpose other than the original intention in light of the purport of the relevant laws and regulations.  In this case, for example, as a response when an inquiry of a bar association is received, if it is difficult to judge whether the response is within the scope of the necessity and reasonableness of providing Personal Data, it is desirable to obtain the Principal's consent.</p> <p>[Reference provisions, etc.]  Article 23 of the Protection Act, 3-4-1 of the General Rules GL</p>

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<p>(2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal’s consent</p>	<p>(4) Specific examples of “cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal’s consent” (Paragraph 1, Item 2)</p> <p>For example, “person” includes “corporation,” and the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Cases of providing information on illegal activities of an organized crime group, so-called “sokaiya” (corporate racketeer), an antisocial organization or its members, etc., information on an account used for a bank transfer fraud, and other information</li> <li>(ii) Cases of making inquiries of the police about customers who are suspected to be antisocial forces</li> <li>(iii) Cases of providing information to medical institutions in order to deal with sudden illness of customers, etc.</li> <li>(iv) Cases of providing information to the police about a person who persistently and intentionally interferes with business</li> <li>(v) Cases of assets disclosure to a family member of a Principal in the case where the situation in which the Principal is missing due to an earthquake, disaster, etc. continues</li> </ul> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-1 of the General Rules GL</p>
<p>(3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal’s consent</p>	<p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-1 of the General Rules GL</p>
<p>(4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal’s consent would interfere with the performance of the said affairs</p>	<p>(5) Specific examples of “cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal’s consent would interfere with the performance of the said affairs” (Paragraph 1, Item 4)</p> <p>For example, the following may fall under this category.</p> <ul style="list-style-type: none"> <li>(i) Cases of responding to voluntary investigation conducted by tax authorities from the perspective of achieving appropriate taxation without exercising individual rights to ask questions and investigate. (Note) A Full Member individually judges whether or not “there is a need to cooperate.” However, it is desirable that a Full Member accepts an “inquiry form for transactions of securities, etc.” and other documents from tax authorities, identifies Personal Information subject to the inquiry, and then provides the relevant information.</li> <li>(ii) Cases of responding to voluntary investigation by police</li> <li>(iii) Cases of replying to a general statistical survey</li> </ul> <p>It should be noted that a Full Member shall respond</p>

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	<p>within the scope of the necessity and reasonableness of use for any purpose other than the original intention in light of the purport of the voluntary request.</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-1 of the General Rules GL</p>
<p>2. A Full Member, with regard to Personal Data provided to a third party (excluding Sensitive Information; the same shall apply in this paragraph) may, in cases where it is set to cease in response to a Principal's request a third-party provision of Personal Data that can identify the Principal and when it has in advance informed a Principal of those matters set forth in the following or put them into a state where a Principal can easily know, and notified them to the Personal Information Protection Commission, provide the said Personal Data to a third party notwithstanding the provisions of the preceding paragraph.</p> <p>In addition, a Full Member itself shall also disclose the content of the notification by using the Internet or other appropriate methods.</p> <p>Sensitive Information may not be provided to a third party due to an opt-out policy.</p>	<p>(6) Specific examples of methods to “inform” (Paragraph 2) For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents (in principle)</p> <p>(ii) Notification given orally or through automatic answering machine, etc.</p> <p>(iii) Notification sent by e-mail, facsimile, etc. or notification by sending a document by mail, etc.</p> <p>(7) “State where a Principal can easily know” (Paragraph 2) A “state where a Principal can easily know” means a condition in which a Principal can easily know some information in terms of time and means if he or she tries to know. Therefore, it is necessary for a Full Member to make continuous public announcements in the following manner, for example, in accordance with the manner of its business.</p> <p>(i) Posting or keeping posters, etc. at store counters, etc. all the time</p> <p>(ii) Continuous distribution of pamphlets and leaflets</p> <p>(iii) Posting on the website all the time</p> <p>(Note) It is desirable to have multiple means.</p> <p>(8) Third-party provision of specific Personal Information Specific Personal Information may be provided to a third party only in the cases stipulated under the Numbers Act. Notwithstanding the provisions of Paragraph 2 in the left column, a Full Member may provide specific Personal Information only when a payment record with individual number stated on it is submitted to the district director of the tax office.</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 2-10, 3-4-2 of the General Rules GL</p>
(1) To set a third-party provision as a utilization purpose	<p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-2 of the General Rules GL</p>
(2) The categories of Personal Data provided to a third party	<p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-2 of the General Rules GL</p>
(3) Means or method of a third-party provision	<p>(9) Specific Examples of “means or method of a third-party provision” (Paragraph 2, Item 3) For example, the following may fall under this category.</p> <p>(i) Published as a book (including e-book)</p> <p>(ii) Posted on the Internet</p> <p>(iii) Printed out and delivered</p> <p>(iv) Distributed by various communication means</p> <p>(v) Delivered in the form of other external recording</p>

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	<p>media [Reference provisions, etc.] Article 23 of the Protection Act, 3-4-2 of the General Rules GL</p>
(4) To cease, in response to a Principal’s request, a third-party provision of Personal Data that can identify the Principal	<p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-2 of the General Rules GL</p>
(5) Method of receiving a Principal’s request	<p>(10) Specific examples of “method of receiving a Principal’s request” (Paragraph 2, Item 5) (i) By mail (ii) By sending e-mails (iii) Input to a designation form on the webpage (iv) Reception at the counter of business offices (v) Telephone [Reference provisions, etc.] Article 23 of the Protection Act, 3-4-2 of the General Rules GL</p>
<p>3. A Full Member must, in case of altering those matters set forth in item (2), item (3), or item (5) of the preceding paragraph, in advance inform a Principal of the contents to be altered or put them into a state where a Principal can easily know and notify them to the Personal Information Protection Commission. In addition, when notifying the contents to be altered to the Personal Information Protection Commission pursuant to this paragraph, a Full Member itself shall also disclose the content.</p>	<p>(11) Specific examples of methods to “inform” and for “a state where a Principal can easily know” (Paragraph 3) Same as (6) and (7) above [Reference provisions, etc.] Article 23 of the Protection Act, 2-10, 3-4-2 of the General Rules GL</p>
4. In any of the following cases, a person receiving the provision of the Personal Data does not fall under a third party.	<p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-3 of the General Rules GL</p>
(1) Cases in which Personal Data is provided as a result of a Full Member’s outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.	<p>(12) Specific examples of “cases in which Personal Data are provided as a result of a Full Member’s outsourcing of a whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose” (Paragraph 4, Item 1) For example, the following cases may fall under this category. (i) Cases of providing customer data and commissioning entry work (ii) Cases of providing customer data and commissioning sending of documents (iii) Outsourcing of clerical work (iv) Outsourcing of storage and disposal of customer data (Note) Because reasonableness lies in an outsourcee being treated as being coupled with the Personal Information Handling Business Operator who is the providing entity in relation with the Principal only within the scope of outsourced work, the outsourcee cannot handle the Personal Data in anything other than the outsourced work. (Note) It should be noted that a Full Member must provide necessary and appropriate supervision over its outsourcees pursuant to Article 12. [Reference provisions, etc.] Article 23 of the Protection Act, 3-4-3 of the General</p>

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	<p>Rules GL</p> <p>(12-1) Financial Instruments Intermediary Services  The giving and receiving of Personal Data obtained in connection with the financial instruments intermediary service between a Full Member and a Financial Instruments Intermediary Service Provider can be organized as “method of obtaining consent of a Principal,” “case of outsourcing,” or “case of joint use,” and it is necessary to take necessary measures according to each case.</p> <p>It should be noted that individual numbers cannot be organized as “method of obtaining consent of a Principal,” and “case of joint use,” and organized as “case of outsourcing” (financial instruments intermediary service is also considered to be a form of outsourcing), and such cases are regarded as third-party provision.</p> <p>It should be noted that, even if a Financial Instruments Intermediary Service Provider does not use an individual number, when the Financial Instruments Intermediary Service Provider performs the business of receiving a document containing an individual number (including an envelope or the like that clearly indicates that the document contains an individual number with a sight of “individual number related documents are enclosed,” etc. even if the document is sealed) from customers and transferring the document to an outsourcing Association member, this case shall be deemed as outsourcing under the Numbers Act.</p>
<p>(2) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason (limited to cases where Personal Data is used even after the succession of the business within the scope of the utilization purpose before the Personal Data is provided due to the business succession)</p>	<p>(13) Specific examples of “cases in which Personal Data are provided as a result of business succession caused by a merger or other reason” (Paragraph 4, Item 2)</p> <p>In addition to a merger, generally business succession in which Personal Data, such as customer information, related to the business is generally also taken over as a whole, including business transfer, contribution in kind of business and company split, etc., fall.</p> <p>In cases where at the negotiation stage before entering into a contract for the business succession, a Full Member undergoes investigation by the other party and provides the other party with its own Personal Data, the Full Member may provide the Personal Data without obtaining consent of the Principal in advance or without going through opt-out procedures in the third-party provision. However, the Full Member must conclude a contract to have the other party comply with the security control actions such as the utilization purpose and handling method for the Personal Data, measures when a leakage, etc. occurs, and measures when the negotiation for the business succession breaks down.</p> <p>[Reference provisions, etc.]  Article 23 of the Protection Act, 3-4-3 of the General Rules GL</p>

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<p>(3) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data (meaning a person who primarily accepts and processes complaints, makes decisions on disclosure, correction, etc. and utilization cease, etc., and has responsibilities for security control in the jointly utilizing person; hereinafter referred to as the “Control Manager” in Paragraph 6)</p>	<p>(14) Specific examples of “joint use” (Paragraph 4, Item 3)</p> <p>(i) Cases where information is jointly used within the scope of the utilization purpose at the time of acquisition in order to provide comprehensive services with group companies</p> <p>(i) Cases where Personal Data is jointly used among the parent company and fellow subsidiaries within the scope of the utilization purpose at the time of acquisition</p> <p>It should be noted that it is not always necessary for all the joint users to mutually provide Personal Data subject to the joint use.</p> <p>However, with regard to joint use, it is necessary to pay attention to the restriction on provision of non-disclosure information prescribed in Article 153, Paragraph 1, Item 7 and Article 154, Paragraph 1, Item 4 of the Cabinet Office Order on Financial Instruments Business, etc. The same shall apply hereinafter.</p> <p>In addition, when Personal Data that has been already obtained by a specific business operator is used jointly with other business operators, the Personal Data must be jointly used within the scope of the utilization purpose specified by the business operator that has already obtained the data in accordance with the provisions of Article 15, Paragraph 1 of the Protection Act.</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-3 of the General Rules GL</p> <p>(15) Specific examples of methods to “inform” and for “a state has been in place where a Principal can easily know” (Paragraph 4, Item 3)</p> <p>Same as (6) and (7) above</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 2-10, 3-4-2 of the General Rules GL</p> <p>(16) It should be noted that individual numbers are not intended for joint use, and such use is limited to cases allowed by laws and regulations.</p> <p>[Reference provisions, etc.] Article 30, Paragraph 3 of the Numbers Act, 3-(2) of the Numbers Act, Finance GL</p>
<p>5. Any notification given by a Full Member pursuant to the provisions of item (3) of the preceding paragraph is to be in writing in principle. With regard to a notification, etc. concerning “the scope of a jointly utilizing person,” a Full Member must make efforts to list jointly utilizing persons individually.</p>	<p>(17) Scope of joint users (Paragraph 5)</p> <p>(i) It is desirable to list joint users individually. In the case where they are not listed individually, in order to clarify the extent to which the scope of jointly using persons from a perspective of a Principal, such joint users shall be stated as, for example, “The Company and consolidated companies and companies accounted for by the equity method described in the securities report, etc.”</p> <p>(ii) In the case of (i) above, it is possible to indicate the scope of joint users in an easy-to-understand manner by, for example, stating names of the joint users on the website.</p> <p>(18) When a Full Member implements joint use, from</p>

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	<p>the viewpoint of clarifying and smoothly implementing responsibilities, etc. of joint users, it is desirable to determine in advance the following matters, for example, in addition to information in the preceding paragraph.</p> <ul style="list-style-type: none"> <li>(i) Requirements for joint users (certain frameworks in implementation of business operations through joint use such as being a group company and participating in a specific campaign business)</li> <li>(ii) Person responsible for handling Personal Information, person in charge of inquiries, and contact information of each joint user</li> <li>(iii) Matters related to handling of Personal Data to be jointly used <ul style="list-style-type: none"> <li>(a) Matters related to prevention of leakage, etc. of Personal Data</li> <li>(b) Prohibition of processing, use, copying, reproduction, etc. for a purpose other than the original purpose</li> <li>(c) Matters related to return, deletion, and disposal of data after termination of joint use</li> </ul> </li> <li>(iv) Measures to be taken when arrangements for handling Personal Data to be jointly used have not been observed</li> <li>(v) Matters related to reports and communications in the event of an incident or accident involving Personal Data to be jointly used</li> <li>(vi) Procedures for terminating the joint use</li> </ul> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-3 of the General Rules GL</p>
<p>6. A Full Member must, in case of altering a utilization purpose for a utilizing person or the name or appellation of the Control Manager set forth in Paragraph 4, item (3), in advance inform a Principal of the contents to be altered or put them into a state where a Principal can easily know.</p>	<p>(19) Specific examples of methods to “inform” and for “a state where a Principal can easily know” (Paragraph 6) Same as (6) and (7) above</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 2-10 and 3-4-2 of the General Rules GL, Article 11, and Article 4 of the Finance Sector GL</p> <p>(20) It is not permitted in principle to change the “categories of the jointly utilized Personal Data” and the “scope of jointly using persons”; however, in the following cases, for example, these items may be jointly used after being changed.</p> <ul style="list-style-type: none"> <li>(i) Cases where consent of a Principal is obtained in advance for any category of Personal Data to be jointly used or change of the business operator</li> <li>(ii) Cases where there is a change in the name of a jointly using business operator, but there is no change in the categories of Personal Data to be jointly used</li> <li>(iii) Cases where business of a jointly using business operator was succeeded</li> </ul> <p>However, it should be noted that this is based on the premise that there is no change in the categories of Personal Data to be jointly used.</p> <p>[Reference provisions, etc.] Article 23 of the Protection Act, 3-4-3 of the General Rules GL</p>

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<p><b>Article 13-2. Restriction on Provision to a Third Party in a Foreign Country</b></p> <p>1. A Full Member, except in those cases set forth in each item of Paragraph 1 of the preceding article, must, in case of providing Personal Data to a third party (excluding a person establishing a system conforming to standards prescribed by the Enforcement Rules as necessary for continuously taking action equivalent to the one that a Personal Information Handling Business Operator shall take concerning the handling of Personal Data; hereinafter the same shall apply in this article) in a foreign country (meaning a country or region located outside the territory of Japan; hereinafter the same shall apply) (excluding those prescribed in the Enforcement Rules as a country establishing a personal information protection system recognized to have equivalent standards to that in Japan in regard to the protection of an individual’s rights and interests; hereinafter the same shall apply in this article and the next article), in advance obtain a Principal’s consent to the effect that he or she approves for the provision to a third party in a foreign country. In this case, the provisions of the same article shall not apply.</p>	<p>With regard to provision of Personal Data to a third party, when the party is excluded from “foreign countries” under Article 24 of the Protection Act or when the party does not fall under “third parties” under (2) or (3), it is not necessary to obtain “a Principal’s consent to the effect that he or she approves of the provision to a third party in a foreign country,” or otherwise, such consent is required.</p> <p>When the case is regarded as provision of data to a third party in a foreign country, it is necessary to obtain a Principal’s consent to the provision to a third party in a foreign country, unless each item of Article 23, Paragraph 1 of the Protection Act applies. In other words, even in the case of outsourcing, business succession, or joint use (in the cases set forth in the respective items of Article 23, Paragraph 5 of the Protection Act), consent of a Principal is required, unlike provision to a third party in Japan.</p> <p>(1) “Countries” to be excluded from “foreign countries”</p> <p>Under the category of foreign countries that have a personal information protection related system which is considered to be at the level equivalent to that of Japan in protection of rights and interests of individuals stipulated in the provisions of Article 24 of the act, countries set forth in the Notification of the Specific Personal Information Protection Commission No. 1 of 2019 pursuant to Article 11 of the Enforcement Rules (*) falls.</p> <p>* Countries stipulated in the Agreement on the European Economic Area Agreement as of February 14, 2020 listed below</p> <p>* If the following countries stipulated in the Agreement on the European Economic Area Agreement are changed on or after February 14, 2020, prompt response is required.</p> <p>Iceland, Ireland, Italy, Great Britain, Estonia, Austria, the Netherlands, Cyprus, Greece, Croatia, Sweden, Spain, Slovakia, Slovenia, the Czech Republic, Denmark, Germany, Norway, Hungary, Finland, France, Bulgaria, Belgium, Poland, Portugal, Malta, Latvia, Lithuania, Liechtenstein, Romania, and Luxembourg</p> <p>(2) Views of “third party”</p> <p>In general, a “third party” means any person other than a Personal Information Handling Business Operator providing Personal Data and a Principal specified by the Personal Data.</p> <p>[Specific examples]</p> <p>(i) When the person providing Personal Data and the recipient are both corporations, they do not constitute a “third party” if their corporate status is the same.</p> <ul style="list-style-type: none"> <li>- When a Japanese company provides Personal Data to a local subsidiary of the company, the subsidiary falls under “third party in a foreign country.”</li> <li>- When a Japanese corporation of a</li> </ul>



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	<p>foreign-affiliated company provides Personal Data to the parent company located abroad, the parent company falls under “third party in a foreign country.”</p> <ul style="list-style-type: none"> <li>- When a Japanese company provides Personal Data within the same legal personality such as its local business offices or branch offices, such offices do not fall under “third party in a foreign country.”</li> </ul> <p>(ii) Even if the recipient of Personal Data is a foreign juridical person, it shall not be deemed to be a “third party in a foreign country” when it is recognized that “Personal Information Database, etc.” is used for the purpose of its business in Japan, for example, the case where the foreign juridical person has established a business office in Japan.</p> <ul style="list-style-type: none"> <li>- When a Japanese company’s head office in Tokyo provides Personal Data to a Tokyo branch of a foreign company, the branch shall not be regarded as a “third party in a foreign country.”</li> </ul> <p>(3) Those who are excluded from “third parties” as “a person establishing a system conforming to standards prescribed by the Enforcement Rules as necessary for continuously taking action equivalent to the one that a Personal Information Handling Business Operator shall take”</p> <p style="padding-left: 2em;">With regard to a person establishing a system conforming to standards prescribed by the Enforcement Rules as necessary for continuously taking action equivalent to the one that a Personal Information Handling Business Operator shall take, consent of a Principal set forth in this article is not required for handling of Personal Data.</p> <p style="padding-left: 2em;">In cases that fall under (i) or (ii) below, the person shall be deemed to have established such a system.</p> <p>(i) Between a Full Member and the recipient of Personal Data, the implementation of measures in line with the purport of the provisions of Chapter 4, Section 1 of the Protection Act is ensured by appropriate and reasonable means with regard to handling of the Personal Data by the recipient of the provision</p> <p>[Contents to be put in place for “measures in line with the purport of the provisions of Chapter 4, Section 1 of the Protection Act”]</p> <p style="padding-left: 2em;">Article 15 through Article 35 of the Protection Act (excluding Article 17, Paragraph 2, Article 25, Article 26, and Article 34 of the Protection Act)</p> <p>[Specific examples of the “international framework” having the above contents in place (reference)]</p> <ul style="list-style-type: none"> <li>- OECD Privacy Guidelines</li> <li>- APEC Privacy Framework</li> </ul> <p>[“appropriate and reasonable means”]</p> <p style="padding-left: 2em;">“Appropriate and reasonable means” should be judged on a case-by-case basis, but it is necessary to be a means whereby a third party in a foreign</p>

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	<p>country to whom Personal Data is provided can assure that the third party continues to take measures equivalent to measures to be taken by a Japanese Personal Information Handling Business Operator. For example, the following cases fall under this category.</p> <ul style="list-style-type: none"> <li>- In the case of outsourcing handling of Personal Data to a business operator located in a foreign country, contracts, confirmations, memoranda, etc. between the provider and the recipient</li> <li>- In the case of transferring Personal Data within the same corporate group, internal rules, privacy policies, etc. applicable to the provider and the recipient</li> </ul> <p>(ii) The recipient of Personal Data shall have obtained a certification based on an international framework for handling personal information. [Specific examples of certification system based on an international framework]</p> <ul style="list-style-type: none"> <li>- APEC Cross-Border Privacy Rule (CBPR) System</li> </ul> <p>In the case where a providing Full Member has obtained the CBPR certification and the recipient “third party in a foreign country” is a person handling personal information on behalf of the Full Member, the Full Member’s meeting requirements for obtaining the CBPR certification is also construed as one of “appropriate and reasonable means.”</p> <p>[Reference provisions, etc.] Article 24 of the Protection Act, Article 11, and Article 11-2 of the Enforcement Rules, 3-4-4 of the General Rules, Foreign GL</p>
<p><b>Article 13-3. Keeping, etc. of a Record on a Third-Party Provision</b></p> <p>1. A Full Member must, when having provided personal data to a third party (excluding a person set forth in each item of Article 2, Paragraph 5 of the Protection Act; the same shall apply in this article through Article 13-5), keep a record of the date of the Personal Data provision, the name or appellation of the third party, and other matters prescribed in the Enforcement Rules.</p> <p>However, when providing Personal Data to a third party in Japan, keeping of records shall be unnecessary if the case falls under any of items (1) through (7) below.</p> <p>In addition, in the provision to a third party in a foreign country, keeping of records shall be unnecessary if the case falls under any of items (1) through (4), or if the third party meets standards stipulated in the Enforcement Rules and the case falls under each item of Article 23, Paragraph 5 of the Protection Act.</p> <p>(1) Cases based on laws and regulations (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal’s consent (3) Cases in which there is a special need to enhance</p>	<p>(1) In this Article, those who fall under the following categories are excluded from “third party.”</p> <ul style="list-style-type: none"> <li>(i) National governmental institutions</li> <li>(ii) Local governments</li> <li>(iii) Independent administrative agencies, etc.</li> <li>(iv) Local incorporated administrative agencies</li> </ul> <p>(2) Pursuant to the provisions of Article 23, Paragraph 2 of the Protection Act, when providing Personal Data to a third party through opt-out, records of the following items shall be made.</p> <ul style="list-style-type: none"> <li>(i) Date of provision of the Personal Data</li> <li>(ii) Name or appellation of the third party or any other matters sufficient to specify the third party (if data is provided to many and unspecified persons, to that effect);</li> <li>(iii) Name of Principals to be identified by the Personal Data or other matters sufficient to identify the Principals</li> <li>(iv) Categories of the Personal Data</li> </ul> <p>(3) Pursuant to the provisions of Article 23, Paragraph 1 or Article 24 of the Protection Act, when providing Personal Data to a third party, records of the following items shall be made (in the case of obtaining consent of a Principal each time; * The same shall apply regardless of whether the third</p>

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<p>public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal's consent</p> <p>(4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that obtaining a Principal's consent would interfere with the performance of the said affairs</p> <p>(5) Cases in which Personal Data is provided as a result of a Full Member's outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.</p> <p>(6) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason.</p> <p>(7) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data</p>	<p>party is in Japan or abroad).</p> <p>(i) Fact that consent of the Principal set forth in Article 23, Paragraph 1 or Article 24 of the Protection Act has been obtained</p> <p>(ii) Name or appellation of the third party or any other matters sufficient to specify the third party (if data is provided to many and unspecified persons, to that effect);</p> <p>(iii) Name of Principals to be identified by the Personal Data or other matters sufficient to identify the Principals</p> <p>(iv) Categories of the Personal Data</p> <p>(4) In the case where Personal Data was provided to a third party, records shall be made in writing, electromagnetic records, or microfilm.</p> <p>(5) The record-keeping obligation shall not apply to any case that is not the provision by a "provider" substantially. The following cases fall under this category.</p> <p>(i) Provision by the Principal Content entered by the poster himself or herself through SNS, etc.</p> <p>(ii) Provided on behalf of the Principal</p> <p>(a) Cases where the name, contact information, etc. of a person in charge are provided in response to a customer's inquiry about the content of transactions by telephone</p> <p>(b) Cases of introducing a customer in a joint venture among a parent company and its subsidiaries and where an application for opening an account, placement of orders has been made by the customer and the customer has recognized the content of information to be received or provided among the parent company and its subsidiaries, the recipient of the data, etc. at the time of the application, and the provision is considered to be specifically identified.</p> <p>(c) Cases of receiving Personal Data provided from a customer as introduction by his or her acquaintance</p> <p>(6) The record-keeping obligation shall not apply to any case that is not the provision to a "recipient" substantially. The following cases fall under this category.</p> <p>(i) Cases of providing information to those who are in a relationship that can be assessed to be an integral part of the Principal, such as the Principal's representative, family member, etc. For example, this means the case where a salesperson of a financial institution explains the profit and loss situation of financial instruments held to a customer who comes with his or her family.</p> <p>(ii) Cases where with the provider's intention to eventually provide information to the Principal, the information is provided to a third party through the intervention of the recipient, and the Principal can recognize this clearly</p>

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	<p>(7) Views on the act of “provision”  Published information that can be obtained by many and unspecified persons is originally information that the recipient can obtain by itself, and the act of the providers’ intentionally providing the information to the recipient means that the provider takes care of the obtaining act on behalf of the recipient. Therefore, this act substantially does not fall under the category of third-party provision for which the confirmation and record-keeping obligations should be imposed, and the obligations shall not apply.</p> <p>For example, information disclosed on a website, etc., information reported by the media, and others fall under this category. However, information that can be accessed only by specific persons, non-public information that can be obtained in business operations of the provider, etc. are excluded.</p> <p>In addition, the act of making Personal Data available for public must be recorded as the provider.</p> <p>* It should be noted that as even so-called public information falls under the category of “personal information,” provisions other than the confirmation and record-keeping obligations shall apply.</p> <p>[Reference provisions, etc.]  Article 23 and Article 25 of the Protection Act, 2 and 3 of the Confirmation and Record-Keeping GL</p>
<p><b>Article 13-4. Confirmation, etc. when Receiving a Third-Party Provision</b></p> <p>1. A Full Member, when receiving the provision of Personal Data from a third party, confirm the name or appellation and address of the third party and, for a corporate body, the name of its representative (for non-corporate body having appointed a representative or administrator, the said representative or administrator), and process of acquisition of the personal information by the third party, and keep a record of matters stipulated in Article 26, Paragraph 3 of the Protection Act, except in the following cases.</p> <p>However, the confirmation and record-keeping obligations shall not apply to any case that is not a provision by a “provider” substantially.</p> <p>(1) Cases based on laws and regulations  (2) Cases in which there is a need to protect a human life, body, or property, and when it is difficult to obtain a Principal’s consent  (3) Cases in which there is a special need to enhance public hygiene or promote fostering healthy children, and when it is difficult to obtain a Principal’s consent  (4) Cases in which there is a need to cooperate with a central government organization or a local government, or a person entrusted by them performing affairs prescribed by laws and regulations, and when there is a possibility that</p>	<p>(1) The concept of “third party” in this article is the same as the concept in Article 13-3.  (2) Concept of “process of acquisition of the Personal Data by the third party”  When it is suspected that Personal Data to be provided has not been legally obtained, confirmation of the process of acquisition of the Personal Data by the third party is required in order to prevent the use and distribution of the Personal Data. For example, this means confirmation of the content of the following items.</p> <p>(i) Type of the obtainer  (Principal as a customer, Principal as an employee, other Personal Information Handling Business Operator, private person such as a family member, friend, etc., so-called public information, etc.)</p> <p>(iii) Manner of the obtaining act  (Whether it is obtained directly from the Principal, whether it is obtained with charge, whether it is obtained from so-called public information, whether it is obtained by introduction, whether it is obtained as a private person, etc.)  A “letter of consent on information sharing” accepted from a customer among a parent company and its subsidiaries can be used</p>

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<p>obtaining a Principal’s consent would interfere with the performance of the said affairs</p> <p>(5) Cases in which Personal Data is provided as a result of a Full Member’s outsourcing of the whole or part of the handling of the Personal Data within the necessary scope to achieve a utilization purpose.</p> <p>(6) Cases in which Personal Data is provided as a result of business succession caused by a merger or other reason.</p> <p>(7) Cases in which Personal Data to be jointly utilized by a specified person is provided to the specified person, and when a Principal has in advance been informed or a state has been in place where a Principal can easily know to that effect as well as of the categories of the jointly utilized Personal Data, the scope of a jointly utilizing person, the utilization purpose of the utilizing person, and the name or appellation of the person responsible for controlling the said Personal Data</p>	<p>because it generally shows the process of acquisition.</p> <p>(3) When receiving Personal Data provided from a third party, records on the following items shall be made.</p> <p>(i) Cases of receiving third-party provision from a Personal Information Handling Business Operator through opt-out</p> <p>(a) Date of receiving provision of the Personal Data</p> <p>(b) Name or appellation and address of the third party and, for a corporate body, the name of its representative (for non-corporate body having appointed a representative or administrator, the said representative or administrator)</p> <p>(c) Process of acquisition of the Personal Data by the third party</p> <p>(d) Name of Principals to be identified by the Personal Data or other matters sufficient to identify the Principals</p> <p>(e) Categories of the Personal Data</p> <p>(f) Fact that the information has been published by the Personal Information Protection Commission</p> <p>(ii) Cases of receiving third-party provision from a Personal Information Handling Business Operator each time by consent of the Principal</p> <p>(a) Fact that consent of the Principal set forth in Article 23, Paragraph 1 or Article 24 of the Protection Act has been obtained</p> <p>(b) Name or appellation and address of the third party and, for a corporate body, the name of its representative (for non-corporate body having appointed a representative or administrator, the said representative or administrator)</p> <p>(c) Process of acquisition of the Personal Data by the third party</p> <p>(d) Name of Principals to be identified by the Personal Data or other matters sufficient to identify the Principals</p> <p>(e) Categories of the Personal Data</p> <p>(iii) Cases of receiving third-party provision from a private person, etc.</p> <p>(a) Name or appellation and address of the third party and, for a corporate body, the name of its representative (for non-corporate body having appointed a representative or administrator, the said representative or administrator)</p> <p>(b) Process of acquisition of the Personal Data by the third party</p> <p>(c) Name of Principals to be identified by the Personal Data or other matters sufficient to identify the Principals</p> <p>(d) Categories of the Personal Data</p> <p>* When the personal data provider is a Personal Information Handling Business Operator, confirmation of the process of individual acquisition is not required if it can be confirmed that the business operator’s internal rules or basic</p>

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	<p>terms and conditions for customers, etc. stipulate that Personal Information shall be acquired appropriately.</p> <p>(4) With regard to the content in (3) above confirmed upon receiving Personal Data provided from a third party, records shall be made in writing, electromagnetic records, or microfilm.</p> <p>(5) The confirmation and record-keeping obligations shall not apply to any case that is not the provision by a “provider” substantially. The following cases fall under this category.</p> <p>(i) Provision by the Principal Content entered by the poster himself or herself through SNS, etc.</p> <p>(ii) Provided on behalf of the Principal</p> <p>(a) Cases where the name, contact information, etc. of a person in charge are provided in response to a customer’s inquiry about the content of transactions by telephone</p> <p>(b) Cases of introducing a customer in a joint venture among a parent company and its subsidiaries and where an application for opening an account, placement of orders has been made by the customer and the customer has recognized the content of information to be received or provided among the parent company and its subsidiaries, the recipient of the data, etc. at the time of the application, and the provision is considered to be specifically identified.</p> <p>(c) Cases of receiving Personal Data provided from a customer as introduction by his or her acquaintance</p> <p>(6) A case that is not the provision to a “recipient” substantially means the following cases.</p> <p>(i) Cases of providing information to those who are in a relationship that can be assessed to be an integral part of the Principal, such as the Principal’s representative, family member, etc. For example, this means the case where a salesperson of a financial institution explains the profit and loss situation of financial instruments held to a customer who comes with his or her family.</p> <p>(ii) Cases where with the provider’s intention to eventually provide information to the Principal, the information is provided to a third party through the intervention of the recipient, and the Principal can recognize this clearly</p> <p>(7) Concept of the action of “receiving provision” Because the confirmation and record-keeping obligations apply in cases where there is the action of “receiving Personal Data provided from a third party,” you cannot say that there is the action of receiving provision in the action of merely browsing Personal Data, so the confirmation and record-keeping obligations shall not apply. The action of a Personal Information Handling</p>

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	<p>Business Operator making Personal Data available for use by a third party falls under the category of the providing action.</p> <p>In addition, in the case where Personal Data is provided orally, by facsimile, by e-mail, by telephone, etc., unilaterally without regard to the recipient's intention, if the recipient has not taken any action of "receiving provision," the confirmation and record-keeping obligations shall not apply.</p> <p>(8) Concept in the case where the confirmation and record-keeping obligations shall not apply to the recipient</p> <p>Even if information falls under the category of Personal Data to the provider, in the case where information not falling under the category of "Personal Data," or even "Personal Information," to the recipient is received, the confirmation and record-keeping obligations shall not apply.</p> <p>For example, the following cases fall under this category.</p> <p>(i) Cases of receiving provided data from which it is impossible to identify an individual by deleting his or her name etc. by the provider</p> <p>(ii) Cases of receiving data with only ID number controlled by the provider attached</p> <p>[Reference provisions, etc.]  Article 25 and Article 26 of the Protection Act, 2 and 4 of the Record-Keeping GL</p>
<p><b>Article 13-5. Retention Period for Keeping Records upon Third-Party Provision</b>  Records made in accordance with Article 13-3 and Article 13-4 must be kept for the period specified in the Enforcement Rules from the date of creating these records.</p>	<p>(1) When Personal Data is provided to a third party, created records shall be maintained according to the following cases.</p> <p>(i) In the case where records are made by means set forth in Article 12, Paragraph 3 of the Enforcement Rules, until the day on which one year has passed since the last provision of Personal Data pertaining to the records</p> <p>(ii) In the case where records are made by means set forth in Article 12, Paragraph 2 or Article 16, Paragraph 2 of the Enforcement Rules, until the day on which three years have passed since the last provision of Personal Data pertaining to the records</p> <p>*When Personal Data of multiple persons are provided, records of the Personal Data may be made collectively instead of individually. In this case, the retention period shall be calculated for each individual.</p> <p>(iii) Three years in cases other than (i) and (ii)</p> <p>(2) In providing Personal Data, it is possible to use logs of the date and time of transmission, the destination of transmission, etc. as part of records in this section.</p> <p>[Reference provisions, etc.]  Article 25 and Article 26 of the Protection Act</p>

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<p><b>Article 14. Public Disclosure, etc. on Matters Relating to Retained Personal Data</b></p> <p>1. A Full Member must, concerning its Retained Personal Data, put the following matters into a state where a Principal can know (including those cases in which it, at the request of a Principal, responds without delay). When the utilization purpose includes provision of information to a third party, the fact must be clearly stated as the content in Item (2).</p>	<p>(1) Specific examples of cases where matters related to Retained Personal Data are put into a “state where a Principal can know (including those cases in which it, at the request of a Principal, responds without delay)” (Paragraph 1)</p> <p>The state means a condition in which a Principal can know the information if he or she tries to know. A Full Member needs to take appropriate measures, for example, by the following methods, in accordance with the manner of its business.</p> <p>(i) Continuous posting of posters or keeping of documents the front of the store at stores (Alternatively, there is a means of posting information together with the Pronouncement Concerning Protection of Personal Information set forth in Article 23; the same shall apply hereinafter).</p> <p>(ii) Continuous distribution of pamphlets and leaflets</p> <p>(iii) Continuous posting on the website</p> <p>(iv) Delivery of a documents, sending of documents by mail, facsimile, etc. at the request of the Principal.</p> <p>(v) Replying orally or by telephone, e-mail, etc. in response to the Principal’s request</p> <p>It is sufficient to inform the subject Principal of necessary matters, and it is not necessary to make a change on all the used media at the same time.</p> <p>[Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL</p>
(1) Appellation of the Full Member	[Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL
(2) Utilization purpose of all Retained Personal Data (excluding those cases falling under Article 8, Paragraph 4, Item (1) through Item (3))	- When the utilization purpose includes third-party provision, the fact shall also be clearly presented. [Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL
(3) Procedures for responding to a request pursuant to the provisions of Paragraph 1 of the succeeding paragraph or a demand pursuant to the provisions of Article 15, Paragraph 1, Article 16, Paragraph 1, or Article 17, Paragraph 1 or Paragraph 2 (including the amount of a fee when it is prescribed pursuant to the provisions of Article 20)	[Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL
(4) In-house contact point to which a complaint is to be filed in regard to handling of Retained Personal Data	[Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL
(5) Appellation of the accredited personal information protection organization and contact point to which resolution of its complaint is to be filed	[Reference provisions, etc.] Article 27 of the Protection Act, 3-5-1 of the General Rules GL
<p>2. A Full Member must, when requested by a Principal to get informed of a utilization purpose of Retained Personal Data that can identify the Principal, inform the said Principal thereof without delay. This, however, shall not apply in those cases falling under any of the following items.</p> <p>(1) Cases in which the utilization purpose of Retained</p>	<p>(2) Specific examples of methods to “inform” (Paragraph 2 and Paragraph 3)</p> <p>For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents</p> <p>(ii) Notification given orally or through automatic answering machine, etc.</p> <p>(iii) Notification sent by e-mail/facsimile, etc. or</p>



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<p>Personal Data that can identify the said Principal is clear pursuant to the provisions of the preceding paragraph</p> <p>(2) Cases falling under Article 8, Paragraph 4, Items (1) through Item (3)</p>	<p>notification by sending a document by mail, etc. [Reference provisions, etc.]</p> <p>Article 27 of the Protection Act, Article 8 of the Enforcement Order, 2-10 and 3-5-1 of the General Rules GL, Article 12 of the Finance Sector GL</p>
<p>3. A Full Member must, when having been requested based on the provisions of the preceding paragraph but deciding not to inform a Principal of the utilization purpose of Retained Personal Data, inform the Principal to that effect without delay.</p>	<p>[Reference provisions, etc.]</p> <p>Article 27 of the Protection Act, 3-5-1 of the General Rules GL</p>
<p><b>Article 15. Disclosure</b></p> <p>1. A Full Member must, when having received a demand of disclosing Retained Personal Data that can identify a Principal (when such data does not exist, including informing a Principal thereof) from the Principal, disclose the Retained Personal Data to the Principal without delay by means of issuing a document (when there is a method agreed by the person demanding the disclosure, that method). However, in cases where disclosing such data falls under any of the following cases, the whole or part thereof may not be disclosed.</p> <p>(1) Cases in which there is a possibility of harming a Principal or third party’s life, body, property, or other rights and interests</p>	<p>(1) Specific examples of a “method agreed by the person demanding the disclosure” (Paragraph 1)</p> <p>For example, there are the following methods.</p> <p>(i) By e-mail, etc.</p> <p>(ii) By telephone</p> <p>(2) When a demand for disclosing “whether or not there is any individual number” is made by a Principal, it is sufficient to disclose the fact of “obtaining individual numbers.”</p> <p>[Reference provisions, etc.]</p> <p>Article 28 of the Protection Act, 3-5-2 of the General Rules GL</p>
<p>(2) Cases in which there is a possibility of interfering security with the said Full Member implementing its business properly</p>	<p>(3) Examples falling under cases in which there is a possibility of interfering with the said Full Member implementing its business properly (Paragraph 1, Item 2)</p> <p>For example, the following cases may fall under this category.</p> <p>(i) Cases where a demand for disclosure of information added by a Full Member, such as assessment information, is received, or where disclosure of Retained Personal Data prevents proper implementation of transactions with customers</p> <p>(ii) Cases where the same Principal repeatedly demands disclosure of the same content that requires a complicated response, and the contact point for inquiries is practically occupied, which is likely to cause substantial hindrance to business operations such as interruption of other inquiry handling operations</p> <p>(iii) Cases where corporate secrets are likely to be revealed</p> <p>(4) Examples not falling under “cases in which there is a possibility of interfering with the said Full Member implementing its business properly” (Paragraph 1, Item 2)</p> <p>For example, only the large amount of Retained Personal Data to be disclosed cannot constitute a reason for non-disclosure.</p> <p>[Reference provisions, etc.]</p> <p>Article 28 of the Protection Act, 3-5-2 of the General Rules GL</p>
<p>(3) Cases of violating other laws or regulations</p>	<p>(5) “Cases of violating other laws or regulations” means, for example, violation of Article 134 of the Penal Code (unlawful disclosure of confidential</p>

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	<p>information) or Article 4 of the Telecommunications Business Act (protection of secrecy of communications) (Paragraph 1, Item 3).</p> <p>In addition, if, pursuant to the provisions of other laws and regulations, Retained Personal Data that specifies the person is to be disclosed by a method equivalent to the methods set forth in Article 28, Paragraph 2 of the Protection Act and Article 9 of the Cabinet Order (when there is a method agreed by the person demanding the disclosure, that method), the provisions of Article 28, Paragraph 1 and Paragraph 2 shall not apply, and the provisions of the other laws and regulations shall apply.</p> <p>[Reference provisions, etc.] Article 28 of the Protection Act, 3-5-2 of the General Rules GL</p>
<p>2. A Full Member must, when having decided not to disclose the whole or part of Retained Personal Data in connection with a demand pursuant to the provisions of the preceding paragraph or when the Retained Personal Data does not exist, inform a Principal thereof without delay. The reasons for the decision shall be explained by showing the provisions of the law supporting the decision and facts that are the basis of the decision.</p>	<p>(6) Specific examples of methods to “inform” and “explain” (Paragraph 2)</p> <p>For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents</p> <p>(ii) Notification given orally or through automatic answering machine, etc.</p> <p>(iii) Notification sent by e-mail/facsimile, etc. or notification by sending a document by mail, etc.</p> <p>[Reference provisions, etc.] Article 28 of the Protection Act, Article 9 of the Enforcement Order, 2-10 and 3-5-2 of the General Rules GL, Article 13 of the Finance Sector GL</p>
<p><b>Article 16. Correction, etc.</b></p> <p>1. In case of having received a demand made by a Principal for making a correction, addition, or deletion (hereinafter referred to as a “Correction, etc.”) of the contents of Retained Personal Data that can identify the Principal by reason that the data are neither correct nor factual, a Full Member must conduct a necessary investigation, such as confirmation of facts, without delay to the extent necessary to achieve the utilization purpose and, based on the result thereof, make a Correction, etc. of the contents of the Retained Personal Data in principle.</p>	<p>(1) Correction, etc.</p> <p>(i) Correction, etc. is to be made within the scope necessary for achieving the utilization purpose, and any Correction, etc. beyond the necessity shall not be required.</p> <p>(ii) Correction, etc. is based on the Protection Act, and shall not apply to notification of change of name, address, etc. from customers, etc.</p> <p>(2) When Correction, etc. is not necessary for the utilization purpose or when it is not correct to indicate that the Retained Personal Data is erroneous, Correction, etc. is not necessary. In this case, however, it should be noted that it is necessary to notify the Principal without delay that any Correction, etc. will not be made.</p> <p>[Reference provisions, etc.] Article 29 of the Protection Act, 3-5-3 of the General Rules GL</p>
<p>2. A Full Member must, when having made a Correction, etc. on the whole or part of the contents of the Retained Personal Data in connection with a demand specified in the preceding paragraph or when having made a decision not to make a Correction, etc., inform a Principal without delay to that effect (including, when having made a Correction, etc., the contents thereof). If a Full Member does not make a Correction, etc., the Full Member is to explain the reasons by presenting grounds for the decision not to</p>	<p>(3) Specific examples of methods to “inform” and “explain” (Paragraph 2)</p> <p>For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents</p> <p>(ii) Notification given orally or through automatic answering machine, etc.</p> <p>(iii) Notification sent by e-mail/facsimile, etc. or notification by sending a document by mail, etc.</p> <p>[Reference provisions, etc.] Article 29 of the Protection Act, 2-10 of the General</p>

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make a Correction, etc. and facts supporting the decision.	Rules GL, Article 14 of the Finance Section GL
<p><b>Article 17. Utilization Cease, etc.</b></p> <p>1. In case of having received a demand made by a Principal for a utilization use or deletion (hereinafter referred to as a “Utilization Cease, etc.”) of Retained Personal Data that can identify the Principal by reason that the Retained Personal Data has been handled in violation of the provisions of Article 5 or has been acquired in violation of the provisions of Article 7 and when it has become clear that there is a reason for the demand, a Full Member must fulfill a Utilization Cease, etc. of the said Retained Personal Data to the extent necessary to redress a violation without delay. This, however, shall not apply in case where a Utilization Cease, etc. of the said Retained Personal Data requires a large expense or other cases where it is difficult to fulfill a Utilization Cease, etc. and when necessary alternative action is taken to protect a Principal’s rights and interests.</p>	<p>(1) Even if all of Retained Personal Data are requested to be deleted, when the violation of the procedures can be corrected by suspension of use, taking such measures has fulfilled the obligation to do so, and it is not always necessary to implement the required measures as they are.</p> <p>When it is not correct to indicate that the violation of the procedures is erroneous, utilization suspension, etc. is not necessary.</p> <p>(2) When it is not correct to indicate that the violation of the procedures is erroneous, it is not necessary to suspend the third-party provision.</p> <p>[Reference provisions, etc.] Article 30 of the Protection Act, 3-5-4 of the General Rules GL</p>
<p>2. In case of having received a demand made by a Principal for ceasing a third-party provision of Retained Personal Data that can identify the Principal by reason that the Retained Personal Data are being provided to a third party in violation of the provisions of Article 13, Paragraph 1 and when it has become clear that there is a reason in the demand, a Full Member must cease the third-party provision of the Retained Personal Data without delay in principle. This, however, shall not apply in cases where ceasing the third-party provision of the said Retained Personal Data requires a large expense or other cases where it is difficult to cease the third-party provision and when necessary alternative action is taken to protect a Principal’s rights and interests.</p>	<p>[Reference provisions, etc.] Article 30 of the Protection Act, 3-5-4 of the General Rules GL</p>
<p>3. A Full Member must, when having fulfilled a utilization cease etc. or decided not to fulfill a Utilization Cease, etc. of the whole or part of Retained Personal Data in connection with a demand pursuant to the provisions of Paragraph 1, or when having ceased a third-party provision or decided not to cease a third party provision of the whole of Retained Personal Data in connection with a demand pursuant to the provisions of the preceding paragraph, inform a Principal to that effect (including, when taking a measure that is different from the action requested by the Principal, the contents of the measure) without delay.</p>	<p>(3) Specific examples of methods to “inform” (Paragraph 3) For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents (ii) Notification given orally or through automatic answering machine, etc. (iii) Notification sent by e-mail/facsimile, etc. or notification by sending a document by mail, etc.</p> <p>[Reference provisions, etc.] Article 30 of the Protection Act, 2-10, 3-5-4 of the General Rules GL</p>
<p><b>Article 18. Explanation of Reason</b></p> <p>In case of informing a Principal to the effect that, as regards the whole or part of action requested or demanded by the Principal pursuant to the provisions of Article 14, Paragraph 3, Article 15, Paragraph 2, Article 16, Paragraph 2, and Paragraph 3 of the preceding article, the action will not be taken, or to the effect that different action from the said action will be taken, when explaining a reason therefor to the said Principal, a Full Member is to present grounds for the decision not to take the action or to</p>	<p>○ Specific examples of methods to “inform” and “explain” For example, there are the following methods.</p> <p>(i) Notification by directly delivering documents (ii) Notification given orally or through automatic answering machine, etc. (iii) Notification sent by e-mail/facsimile, etc. or notification by sending a document by mail, etc.</p> <p>[Reference provisions, etc.] Article 31 of the Protection Act, 2-10 of the General</p>

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take a different action and facts supporting the decision.	Rules GL, 3-5-5, Article 14 of the Finance Sector GL
<p><b>Article 19. Procedures for Responding to Demand, etc. for Disclosure, etc.</b></p> <p>1. A Full Member may, as regards a request pursuant to the provisions of Article 14, Paragraph 2 or a demand pursuant to the provisions of Article 15, Paragraph 1, Article 16, Paragraph 1, Article 17, Paragraph 1 or Paragraph 2 (hereinafter referred to as a “Demand, etc. for Disclosure, etc.”), decided on a method of receiving a request or demand. In this case, a Full Member is to regularly post that method on its website together with the Pronouncement Concerning Protection of Personal Information as specified in Article 23, or regularly posting or keeping it at a business office counter, etc.</p>	<p>1. When a Full Member has stipulated a method for receiving a Demand, etc. for Disclosure, etc., the Full Member shall keep such information available to a Principal (including cases where the Full Member answers such a request from a Principal without delay).</p> <p>2. A Full Member may request a Principal to present matters necessary to specify Retained Personal Data (e.g.: address, ID, password, member number, etc.) for identification of the Principal subject to a Demand, etc. for Disclosure, etc. in order to facilitate procedures for disclosure, etc.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
(1) Contact point to which a Demand, etc. for Disclosure, etc. is to be made	<p>(1) Specific example of “Contact point to which a Demand, etc. for Disclosure, etc. is to be made” (Paragraph 1, Item 1)</p> <p>For example, department names, addresses, telephone numbers, e-mail addresses, etc. of head offices, branch offices, business offices, business centers, and others.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
(2) Form of documents to be submitted at the time of a Demand, etc. for Disclosure, etc. and other methods of receiving Demand, etc. for Disclosure, etc.	<p>(2) “Documents to be submitted at the time of a Demand, etc. for Disclosure, etc.” (Paragraph 1, Item 2)</p> <p>It is desirable for a Full Member to determine documents to be submitted by a Principal at the time of a Demand, etc. for Disclosure, etc.</p> <p>(i) For a Principal For example, an application for disclosure of “Retained Personal Data,” an application for change, etc., an application for utilization suspension, etc., and an identification document</p> <p>(ii) For a representative For example, in addition to documents in (i) above, a letter of attorney specified by a Full Member, and an identification document of a representative</p> <p>(3) Specific example of “other methods of receiving a Demand, etc. for Disclosure, etc.” (Paragraph 1, Item 2)</p> <p>For example, multiple means are possible, such as visit, mails, and electronic means.</p> <p>(Note) Because restricting a method of a Demand, etc. for Disclosure, etc. to visit may “impose excessive burden on a Principal,” it is desirable to provide an alternative method.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>

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<p>(3) Method of confirming that a person who makes a Demand, etc. for Disclosure, etc. is the Principal or a representative (meaning a legal representative for a minor or adult ward, or a representative entrusted by the Principal; the same shall apply in this article)</p>	<p>(4) Specific Examples of “Method for identity verification” (Paragraph 1, Item 3)</p> <p>Adequate and appropriate identification procedures shall be established, including identification procedures based on the provisions of the Crime Proceeds Transfer Prevention Act or identification procedures at the same level.</p> <p>It should be noted that the term “representative” used herein shall be limited to a representative set forth in Article 11 of the Enforcement Order, not a transaction representative stipulated in the internal rules, etc. by each Full Member.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
<p>(4) Amount of the fee in Article 33, Paragraph 1 of the Protection Act and method for collection thereof (including the case where such a demand, etc. is free of charge)</p>	<p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
<p>(5) Matters necessary to identify Retained Personal Data that are subject to a Demand, etc. for Disclosure, etc.</p>	<p>(5) Specific examples of “matters necessary to identify Retained Personal Data” (Paragraph 1, Item 5)</p> <p>For example, a name, an address, a date of birth, a telephone number, the name of a transaction office, an account number, and the like are possible.</p> <p>In requesting these matters, it should be noted that convenience for a Principal shall be taken into consideration by providing information contributing to identification of such Retained Personal Data so that a Principal can easily and accurately make a Demand, etc. for Disclosure, etc.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
<p>(6) Method of replying to a Demand, etc. for Disclosure, etc.</p>	<p>(6) Specific example of a “method of replying to a Demand, etc. for Disclosure, etc.” (Paragraph 1, Item 6)</p> <p>For example, there are the following methods.</p> <p>(i) By mail, telephone, e-mail, etc.</p> <p>(ii) Depending on information to be disclosed, a reply may not be made on the spot, but later.</p> <p>When disclosing an individual number in response to a request from a Principal, it is necessary to take measures to prevent others from seeing the scene in the case of face-to-face contact with a Principal, and it is desirable to send a document containing the individual number by mail with a tracking function in the case of mailing.</p> <p>[Reference provisions, etc.] Article 32 of the Protection Act, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL</p>
<p>2. A Full Member shall decide on the following matters in addition to each item of the preceding paragraph as the procedures for cases where a representative makes a Demand, etc. for Disclosure, etc. A Full Member shall not be precluded from disclosing the relevant personal data directly only to the Principal in response to a Demand, etc. for Disclosure, etc. made by a representative.</p>	

Guidelines for Protection of Personal Information	Explanations
(1) Method for identity verification of a representative	(7) Specific example of “method for identity verification of a representative” (Paragraph 2, Item 1) Verification procedures similar to those in (4) above shall be established.
(2) Method to confirm a representative’s authority of representation	(8) Specific examples of a “method to confirm a representative’s authority of representation” (Paragraph 2, Item 2) For example, there are the following methods. (i) Except letter of attorney predetermined by the Full Member, no other means are allowed. (ii) Even if a letter of attorney, etc. is submitted, when any special circumstances suggesting the letter of attorney are found, the information shall not be disclosed until the Principal’s intention to grant the authority of representation can be confirmed by telephone, etc. (ii) When the authority of representation cannot be confirmed by the method predetermined by the Full Member, the authority shall not be disclosed. [Reference provisions, etc.] Article 32 of the Protection Act, Article 10 of the Enforcement Order, 3-5-6 of the General Rules GL, Article 15 of the Finance Sector GL
3. A Full Member must, in establishing a procedure for Demand, etc. for Disclosure, etc. based on the provisions of the preceding two paragraphs, give consideration so as not to impose excessive burden on a Principal.	
<b>Article 20. Fees</b> 1. A Full Member may, when having been requested to inform of a utilization purpose pursuant to the provisions of Article 14, Paragraph 2 or when having receiving a demand for disclosure pursuant to the provisions of Article 15, Paragraph 1, collect a fee in relation to taking such action. 2. A Full Member must, in case of collecting a fee pursuant to the provisions of the preceding paragraph, decide on the amount of the fee within a range recognized as reasonable considering actual expenses.	In determining the amount of the fee within the scope deemed reasonable in consideration of actual costs, a Full Member is to endeavor to calculate the fee amount reasonably based on the estimated average actual costs of procedures for disclosure, etc. with similar contents. [Reference provisions, etc.] Article 33 of the Protection Act, 3-5-7 of the General Rules GL
<b>Article 21. A Full Member’s Dealing with a Complaint</b> 1. A Full Member must strive to deal appropriately and promptly with a complaint about the handling of Personal Information. 2. A Full Member must strive to establish the system necessary to achieve a purpose under the preceding paragraph through setup of a contact point for receiving complaints, formulation of procedures for dealing with complaints, provision of sufficient education and training to officers and employees engaging in dealing with complaints, and other means.	[Reference provisions, etc.] Article 35 of the Protection Act, 3-6 of the General Rules GL, Article 16 of the Finance Sector GL
<b>Article 22. Response to Personal Information Leakage or Other Incidents</b> 1. In the event of the leakage of any personal information or the leakage of information concerning descriptions, etc. and Personal Identification Codes	(1) Personal Information Leakage or Other Incidents includes accidents due to loss or damage. (2) In the event of incorrect delivery, incorrect transmission, etc. of mails, e-mails, facsimile, and

Guidelines for Protection of Personal Information	Explanations
<p>deleted from personal information used to produce Anonymously Processed Information and information relating to a processing method carried out pursuant to the provisions of Article 36, Paragraph 1 of the Protection Act (hereinafter referred to as “Personal Information Leakage or Other Incidents”), a Full Member is to immediately report that incident to the Financial Services Agency and the Association. If, in addition to Personal Information Leakage or Other Incidents, leakage of specific personal information specified in Article 2, Paragraph 8 of the Act on the Uses of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013) occurs, a Full Member shall also report the incident to the Personal Information Protection Commission.</p> <p>2. In the event of any of Personal Information Leakage or Other Incidents, a Full Member is to disclose the facts concerning the incident and preventive measures to the public without delay from the perspective of preventing secondary damage or the occurrence of any similar incidents.</p> <p>3. In the event of any of Personal Information Leakage or Other Incidents, a Full Member is to promptly inform the Principal involved in the relevant incident of the facts concerning the incident.</p>	<p>others, even if the loss of the content, etc. is minor, the incident needs to be made public when secondary damage or similar incidents could occur.</p> <p>(3) When leakage, etc. of specific personal information occurs, it is necessary to make reports, etc. in accordance with measures to be taken in the event of leakage, etc. of specific personal information as stipulated by the Personal Information Protection Commission and the Financial Services Agency.</p> <p>[Reference provisions, etc.] Basic Policy, Article 17 of the Finance Sector GL, Anonymous Processing GL</p>
<p><b>Article 23. Formulation of the Pronouncement Concerning Protection of Personal Information</b></p> <p>1. In consideration of the significance of explaining policies related to Personal Information in advance in an easy-to-understand manner, a Full Member is to formulate the pronouncement concerning its ideas and policies concerning protection of Personal Information (so-called privacy policy or privacy statement, etc.; hereinafter referred to as the “Pronouncement Concerning Protection of Personal Information”) and disclose it to the public.</p> <p>2. For example, the Pronouncement Concerning Protection of Personal Information is to include the following matters.</p> <p>(1) Pronouncement of policies concerning protection of Personal Information, such as the compliance with related laws and regulations, etc., prohibition of utilization of Personal Information for unintended purposes and proper processing of complaints</p> <p>(2) Simple explanation of procedures for notification and public disclosure of the utilization purposes of personal information under Article 18 of the Protection Act</p> <p>(3) Simple explanation of procedures for disclosure, etc. under Article 27 of the Protection Act or other various procedures for handling of Personal Information</p> <p>(4) Contact information on offices processing inquiries and complaints concerning handling of Personal Information</p> <p>3. A Full Member shall strive to incorporate as many descriptions as possible in consideration of the following points, depending on the characteristics,</p>	<p>(1) The title, form, content, composition, etc. of public disclosure may be at the discretion of each Full Member.</p> <p>(2) Specific examples of a method to disclose to the public</p> <p>For example, there are the following methods.</p> <p>(i) Posting or keeping posters, documents, etc. at the counter of business offices, etc.</p> <p>(ii) Description in and distribution of pamphlets</p> <p>(iii) Posting on an online website</p> <p>Care should be taken to make the disclosed information easy to see and understand for the users, and it is also possible to describe it by item separately in multiple media.</p> <p>For example, it is possible to add a note to the relevant part of the “Pronouncement Concerning Protection of Personal Information” that is currently published, and then provide a link to the website for specific examples of the type of outsourced works and sources of acquiring Personal Information to direct people to the detailed explanation.</p> <p>[Reference provisions, etc.] Article 18 and Article 27 of the Protection Act, Basic Policy, Article 18 of the Finance Sector GL</p>

Guidelines for Protection of Personal Information	Explanations
<p>scale, and actual status of business activities, from the perspective of protecting rights and interests of a Principal, including general consumers, in the Pronouncement Concerning Protection of Personal Information.</p> <p>(1) When a Principal makes a request, a Full Member is to suspend sending of direct email or otherwise voluntarily suspend the utilization of the Retained Personal Data.</p> <p>(2) A Full Member is to endeavor to increase transparency regarding outsourcing, such as clarifying whether it outsources any business or the content of outsourced business if any.</p> <p>(3) A Full Member is to devise means to clarify utilization purposes for the respective Principal, through efforts such as presenting limited utilization purposes separately by the type of customers in consideration of the business contents or voluntarily endeavoring to limit utilization purposes based on each choice by a Principal.</p> <p>(4) A Full Member is to indicate sources and methods of acquiring Personal Information (types of information sources, etc.) as concretely as possible.</p>	<p>(3) Specific examples of “a Full Member is to endeavor to increase transparency regarding outsourcing, such as clarifying whether it outsources any business or the content of outsourced business if any” (Item 2)</p> <p>For example, if it is difficult to list all outsourced clerical works due to their large number, it is considered that giving examples contributes to transparency regarding outsourcing.</p> <p>(Example)</p> <p>The Company outsources a part of our business operations. In addition, business operations in which the Company has outsourcing contractors handle Personal Information include the following operations.</p> <ul style="list-style-type: none"> <li>- Printing or forwarding of documents to be sent to customers</li> <li>- Provision of professional advice, etc. from the standpoint of law, accounting, etc.</li> <li>- Works related to operation and maintenance of information systems</li> </ul> <p>(4) Specific examples of “A Full Member is to indicate sources and methods of acquiring Personal Information (types of information sources, etc.) as concretely as possible.” (Item 4)</p> <p>For example, when the number of sources or methods of acquiring Personal Information is large, showing them an example is considered to contribute to protection of rights and interests of a Principal.</p> <p>(Example)</p> <p>Sources of acquiring Personal Information to be obtained by the Company are as follows.</p> <ul style="list-style-type: none"> <li>- Information directly provided by customers in an application for opening an account, questionnaires, etc.</li> <li>- Information contained in commercially available books such as quarterly corporate reports and executive officers’ reports and information published in newspapers and on the Internet</li> <li>- Information heard from customers through the provision of goods and services (* If phone calls are recorded, it is possible to include such information as well)</li> </ul>
<p><b>Article 24. Review of the Guidelines</b> The Guidelines shall be reviewed as necessary.</p>	<p>[Reference provisions, etc.] Article 19 of the Finance Sector GL</p>



Guidelines for Protection of Personal Information	Explanations
<p><b>Article 25. Report to the Association, etc.</b></p> <p>1. The Association may request a Full Member to make a report where appropriate to confirm the Full Member’s compliance with the Guidelines.</p> <p>2. The Association shall provide guidance and recommendations and take other measures necessary to have Full Members comply with the Guidelines.</p> <p>3. A Full Member must comply with the Guidelines and follow necessary guidance and recommendations provided, and other measures taken by the Association.</p>	<p>[Reference provisions, etc.] Article 53 of the Protection Act</p>

Supplementary Provision

This amendment will come into effect on July 15, 2021.

\* Amended sections, etc. are explanations of the following articles, etc.

- Revision: Article 13 (5), Article 13-2 (1), Article 23 (2), Reference provisions, etc.
- Establishment and addition: \*1 and\* 2 of Article 2 (3), Article 4 (3), proviso to Article 7 (2) and thereafter, and (Note) of (4), Article 8 (7) (v), Article 10 (4) (v), (Note) of (12) and (12-1) of Article 13



# Guidelines on Investment Restrictions on Derivative Transactions, etc.

Established on December 21, 2007  
Revised on September 19, 2008  
Revised on December 20, 2012  
Revised on July 17, 2014  
Revised on November 20, 2014  
Revised on July 16, 2015

## 1. Purpose

The purpose of these Guidelines is to state the basic principles of proper management and operation of a Member Management Company (meaning a Member that is an Investment Trust Management Company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); the same shall apply hereafter ) so that such Member does not infringe on the investment restrictions on Derivative Transactions etc. (hereinafter referred to as the “Derivative Transactions” ) set forth in Article 130, Paragraph 1, Item 8 of the Cabinet Office Order on Financial Instruments Business (Act No. 52 of 2007; hereinafter referred to as the “Cabinet Office Ordinance” ) and Article 17 of the Rules on Management of Investment Trusts, etc.

## 2. Basic Principle and Treatment

With regard to the method of managing investment pertaining to Derivative Transactions, the Member Management Company shall provide for risk management method in the internal rules with reference to the risk management method set forth in “3.,” and shall properly manage and perform such investment so as not to commit the prohibited acts set forth in the Cabinet Office Order.

It should be noted that the risk management methods described in the Guidelines are merely examples and do not preclude a Member Management Company from prescribing in its internal rules other risk management measures that such member deems appropriate.

## 3. Examples of Risk Management Methods

- (1) In the event that investment is to be made only in real assets such as stocks and bonds and no investment instructions are to be given for Derivative Transactions, (including cases where investment instructions are not actually given for Derivative Transactions for the investment trust property for which Derivative Transactions are available for investment instructions), it is considered that no special management is necessary.
- (2) Where investment instructions for Derivative Transactions are to be given solely for the purpose of hedging, any one of the following measures in (i) through (iii) can be selected and applied.
- (3) Where investment instructions for Derivative Transactions are to be given for other purposes than for hedging (including the case of giving investment instructions for Derivative Transactions for both hedging purpose and non-hedging purpose in an investment trust), either of the following (ii) or (iii) may be selected for application.

(i) Simple method

Method of management that prevents the notional principal amount of the Derivative Transactions engaged from exceeding the total net asset value of the concerned investment trust property

(ii) Standard Method

Method of management that controls the risk amount under 80% of the total net asset value of the investment trust property. Such risk amount shall be derived from adopting the standard method for calculating the market risk equivalent among other methods of calculating the market risk equivalent according to the capital adequacy requirements for Financial Instruments Business Operators (according to Notification No. 59 of the Financial Services Agency, “Establishment of Standards for Calculating Market Risk Equivalent, Counterparty Risk Equivalent and Fundamental Risk Equivalent concerned with Financial Instruments Business Operators” ).

(Note)

- Calculation method shall be applied for the entire portfolio, not limited to derivative products. (The same applies in (iii).)
- Market risk equivalent shall be calculated by multiplying the exposure value of individual investment target by ratio set forth in the “Establishment of Standards for Calculating Market Risk Equivalent, Counterparty Risk Equivalent and Fundamental Risk Equivalent concerned with Financial Instruments Business Operators.”
- For derivative products, calculation shall be made by basically converting to the position of the underlying assets and then multiplying such converted amount by the relevant ratio. In the event that the position of the derivative product equals the corresponding position of the underlying asset, such positions may be set off against each other.

(iii) VaR method

Method of management that keeps the risk amount under 80% of the total net asset value of the investment trust property. Such risk amount shall be derived from adopting the method for calculating the market risk equivalent under the internal control model (VaR method) among other methods of calculating the market risk equivalent according to the capital adequacy requirements for Financial Instruments Business Operators.

(Note)

- The holding period shall be 10 business days or more in principle. However, if mainly dealing with those with high liquidity such as listed futures instruments, the holding period may be five business days or more.
- It is essential for the Member Management Company to appropriately manage the situation at the time of stress. In this case, in addition to the calculation method of applying to the concerned portfolios the relevant historical data during the stress period after specifying such period of 12 months that should include the period of stress, it is also considered appropriate for each Member Management Company to prescribe proper management practices.

- It is essential for the Member Management Company to appropriately manage their risk by utilizing measures such as back-testing of their risk measurement model. In such a case, in addition to setting the multiplier at 3 to 4, they may select an appropriate multiplier.

#### 4. Inclusion of investment restrictions on Derivative Transactions in the investment trust contract and disclosure of risk management measures

With regard to investment trusts for which the basic terms and conditions of the investment trust stipulate that Derivative Transactions may be made, the management method of Derivative Transactions as set forth in the Guidelines shall be included in the basic terms and conditions of the investment trust, and published on the website of the investment management company in accordance with the provisions of Article 38 of the Rules on Investment Reports, etc. Pertaining to Investment Trusts and Investment Corporations.

##### Supplementary Provision

The Guidelines shall come into effect on December 21, 2007.

##### Supplementary Provision

The amendments shall come into effect on October 1, 2008.

##### Supplementary Provision

The amendments shall come into effect on January 4, 2013.

##### Supplementary Provision

The amendments shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

- (1) Revisions to the title and Articles 1 and 2 of the Guidelines.
- (2) Revisions to (1) through (3) and establishment of (i), (ii), and (iii) concerned with Article 3.
- (3) Establishment of Article 4.

##### Supplementary Provision

The amendments shall come into effect on December 1, 2014.

\* The amended provisions are as follows:

Revisions to Articles 1 and 2

##### Supplementary Provision

The amendments shall come into effect on July 16, 2015.

\* The amended provisions are as follows:

Revisions to Article 4.

# Guidelines on Investment Restrictions to Avoid Concentration of Credit Risk

Established on July 17, 2014

## 1. Purpose

The purpose of these Guidelines is to state the basic principle of proper management and operation of a Member Management Company (Investment Trust Management Company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations: Act No. 198 of 1951; the same shall apply hereafter ) so that such Member does not infringe on the investment restrictions as provided for in Article 130, Paragraph 1, Item 8-2 of the Cabinet Office Ordinance on Financial Instruments Business (Act No. 52 of 2007; hereinafter referred to as the “Cabinet Office Ordinance” ) and Articles 17-2 and 17-3 of the Rules on Management of Investment Trusts, etc. (hereinafter referred to as the “Rules” ).

## 2. Basic Principle and Treatment

With regard to the method of management pertaining to investment restrictions for avoiding concentration of credit risk, the Member Management Company shall establish internal rules in advance with reference to the management methods as set forth in “3.” below, and shall appropriately manage and perform their operation so as not to commit any prohibited acts as provided for in the Cabinet Office Ordinance and the Rules.

In addition, the principle of complying with the Rules and relevant examples are provided in “4.” to serve proper management and operation thereof.

It should be noted that the management methods, etc. described in the Guidelines are merely examples and shall not preclude a Member Management Company from prescribing in its internal rules other management measures, etc. that are deemed appropriate by such Member.

## 3. Examples of Management Methods

As the management methods according to Article 17-2, Paragraph 5 of the Rules, the following control flow may be observed.

- (i) Investment Trust Securities that exceed 10% of the total net asset are not incorporated into the relevant Fund of Funds (including an adjustment to be made to comply with such percentage restriction pursuant to Article 17-2, Paragraph 1 of the Rules).
- (ii) If the provision of (i) above is not satisfied, it shall be ascertained in the investment trust contract of the Investment Trust Securities that account for more than 10% of the relevant fund’s total net asset, that investment restrictions similar to or stricter than those provided for in Article 17-2, Paragraph 1 of the Rules are being applied thereto.
- (iii) If the provision of (ii) above is not satisfied, identify an asset mix or the upper limit of its exposure in relation to the relevant Investment Trust Securities that account for more than 10% of the relevant fund’s total net asset.
- (iv) If the provision of (iii) above is not satisfied, bind the relevant Investment Trust Securities that account

for more than 10% of the relevant fund's total net asset by the investment guidelines, and oblige them to report the compliance status thereof.

#### 4. Principles and Examples of Complying with Rules

- (1) The provisions of Article 17-2, Paragraph 2, Item 1 of the Rules make an exception for so-called sovereign and quasi-sovereign bonds issued in local currencies or by the countries specified by the Self-regulation Committee. Furthermore, the Self-regulation Committee specifies and lists the countries and regions with reference to the Notification No. 59 of the Financial Services Agency, "Establishment of Standards for Calculating Market Risk Equivalent, Counterparty Risk Equivalent, and Fundamental Risk Equivalent concerned with Financial Instruments Business Operators," where risk exposure to the bonds issued or guaranteed by the central government, central bank, local governments, etc. denominated in other than local currencies, is deemed nil.
- (2) Regarding Article 17-2, Paragraph 3 of the Rules, foreign exchange contracts within 120 days shall be deemed an exception, while latent profit on long-term contracts and over-the-counter derivative contracts shall be considered to be an exposure.
- (3) With regard to Article 17-2, Paragraph 4, Item 1 of the Rules, the issuer exposure shall be added to the actual securities (in case of purchase) in case of "Stock Future Transactions," while only the counterparty exposure shall be added in case of "Stock Index Futures Transactions" (nil in the case of listed future index).
- (4) Regarding Article 17-2, Paragraph 4, Item 2 of the Rules, the unencumbered portion of over-the-counter derivative contracts, is calculated as a counterparty exposure, and in case of market derivatives, the counterparty exposure is deemed nil.
- (5) Regarding Article 17-3, Paragraph 1, Item 2 of the Rules, exposure of an index fund to the shares that do not constitute the relevant index shall not exceed the prescribed limit, and investment in structured bonds shall not be an exception.
- (6) Article 17-3, Paragraph 1, Item 3 of the Rules requires disclosure when holding in a specific share has a high weighting (specialized type).

\* Examples of description in the "Purposes and Features of Fund" of a prospectus for delivery where the concerned fund holds or likely to hold dominant issue(s) in its portfolio weighting.

- The Fund adopts the XX Stock Index as its benchmark. Since the XX Stock Index has a dominant issue that accounts for, or is likely to account for, more than 10% of the said index, investment in such dominant issue may occur, and as a result large losses may be incurred in the event of bankruptcy or deterioration in business operations or financial status concerned with such dominant issue.
- The Fund uses a synthetic index as its benchmark that combines a XX index with YY index on an equal basis and converted into yen. Since this benchmark has a dominant issue which accounts for, or is likely to account for, more than 10% in its contribution to such a synthetic index, investment may concentrate on such a specific issue, and large losses may be incurred in the event of bankruptcy or deterioration in business operations or financial status concerned with such

dominant issue.

- The Fund invests in the shares relevant to XX theme. Since there are dominant issues among the shares relevant to XX theme that may result in individually accounting for more than 10% of the portfolio, investment may be concentrated in such specific issues and large losses may be incurred in the event of bankruptcy or deterioration in business operations or financial status concerned with such dominant issues.

\* Description examples of limiting holding ratio pursuant to the rules for investment diversification in investment trust contract.

<Diversified Fund> Case that conforms to the provisions of Article 17-2, Paragraph 1 of the Rules

The ratios of shares, etc. exposure, bond, etc. exposure, and derivatives, etc. exposure to a single entity to the total amount of net assets of the Investment Trust property prescribed in the Rules of the Investment Trusts Association, Japan, are to be, in principle, 10% at maximum respectively, and 20% at maximum in total. Where such ratio exceeds the above limits, adjustment is to be made so as to keep such ratio within the limits in accordance with the Rules of the Investment Trusts Association, Japan.

<Specialized Fund> Case to which the provisions of Article 17-3, Paragraph 1, Item 3 of the Rules apply

The ratio of exposure to a single entity prescribed in the Rules of the Investment Trusts Association, Japan, is to be 35% or below. Where such ratio exceeds the above limit, adjustment shall be made so as to keep such ratio within the limit in accordance with the Rules of the Investment Trusts Association, Japan.

(7) Article 17-3, Paragraph 1, Item 4 of the Rules defines a fund to which the name of issuer etc. is attached to its name such as the employee shareholding association fund.

\* Examples of fund name that clearly indicate that its exposure to a certain issue is likely to exceed the prescribed limit.

- XX Stock Fund (XX is a company name and could be multiple companies.)
- Indonesian Government Bond Fund
- World Bank Bond Fund

(8) In Article 17-3, Paragraph 2 of the Rules, securitization products of the same nature are assumed to be funds that invest in gold price-linked bonds issued by an investment corporation and investment trusts issuing beneficiary certificates that hold gold as assets.

#### Supplementary Provisions

The Guidelines shall come into effect on December 1, 2014.

However, this shall not apply to investment trusts in existence at the time when the Guidelines come into effect for the first five years after the effective date thereof. However, this shall not apply where reasonable measures as prescribed in Articles 17-2 and 17-3 of the Rules are provided for such investment trusts.



# Approach to the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions” and “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

Established on February 17, 2011  
Revised on December 13, 2012

- Interpretation of the provisions of Article 3, Paragraph 1 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions” and Article 4, Paragraph 2 of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

Q1 It is stipulated that “when soliciting acquisition of beneficiary certificates of new investment trusts among those established by the Management Company and managed under instructions from the settlor, the Management Company shall fully understand the characteristics and risks of the investment trust and shall not solicit acquisition of those for which a suitable customer to acquire the investment trust cannot be supposed.” Why such provision was established?

This provision is one of the requirements by the Financial Services Agency in order to strengthen its sales and solicitation rules by voluntary regulation in the “Ideas for Restrictions on Uninvited Solicitation of Derivatives Transactions” published by the Agency on September 13, 2010.

In the provision, as part of “practicing the principles of suitability,” it is stipulated that “for complex structured bonds and investment trusts similar to over-the-counter derivative transactions, which are difficult for individual customers to understand, the development of voluntary regulations to exercise such principles of suitability is required.” Specifically, they demand “the establishment of standards to determine whether or not solicitation could be commenced in accordance with the risk characteristics of product and the nature of the customers (Criteria for the Commencement of Solicitation) as well as conducting prior verification of the product as to its suitability for sale to investors (Suitability on Reasonable Grounds).”

Behind these requirements are a large number of complaints received by consumer groups, which claim that certain complex products with risk characteristics similar to derivative transactions have been sold to the elderly who do not have substantial assets nor seem to have a high level of understanding for such investment, resulting in their unexpected large losses incurred.

This provision is prescribed to put into practice the abovementioned “Suitability on Reasonable Grounds.” It provides that whenever a Full Member (Management Company) solicits its customers to acquire a beneficiary certificate of a new investment trust, the Full Member shall verify in advance the relevant investment trust to be reasonable as an investment target at least for a certain type of customers and that any investment trust for which the Full Member cannot think of suitable customers to market based on reasonable grounds shall not be solicited for acquisition.

Q2 What does the “Suitability on Reasonable Grounds” mean?

Regarding the principle of Suitability, in Article 40 of the Financial Instruments and Exchange Act provides, it is provided that “investment management company shall not or cause to, fail to protect their investors by conducting solicitation deemed inappropriate in light of such investors’ knowledge, experiences, financial conditions and objectives of entering into such financial transaction.” In other words, suitability means the appropriateness of solicitation for each customer.

In contrast, “Suitability on Reasonable Grounds” is a concept to seek confirmation that an investment trust to be solicited is reasonable at least for a certain type of customers as an investment target. It should be noted that the term “certain type of customers,” as used herein, means the scope of target customers for the relevant investment for whom such investment is deemed reasonable in consideration of the attributes, financial status, investment experiences, risk tolerance, etc. thereof.

To confirm that an investment trust is reasonable for a certain type of customers as an investment target means, in other words, that the person soliciting such acquisition (Full Member (Management Company)) must have a sufficient understanding of the said investment trust. For example, with regard to an investment trust that is expected to be solicited for acquisition only to a certain type of customers as a result of prior verification, it is necessary to ascertain that appropriate solicitation activities be conducted by sharing the verification results among the departments concerned in accordance with certain internal rules, making the scope of the target customers widely known among the concerned parties, establishing the Criteria for the Commencement of Solicitation, if necessary, providing sufficient employee training, and so on.

Q3 What kind of investment trust does the “beneficiary certificate of new investment trust” mean?

“Beneficiary certificate of new investment trust” shall apply to investment trusts that are to be newly solicited by the Full Member (Management Company) to their customers for investment after the effective date of these Regulations.

However, no new verification process shall be required for any investment trust that has been once verified at each solicitation for acquisition. In addition, with regard to any investment trust that has the same product nature and risk characteristics as an investment trust that has already been verified, verification can be considered to have been made with the confirmation that such investment trusts are of the same type. Naturally, in soliciting investment in any of these investment trusts, the Management Company is expected to conduct their solicitation activities in conformity with the intentions and circumstances of the investors in light of such investors’ knowledge, experiences, financial conditions, and objectives of entering into such financial transaction contract.

In addition, among investment trusts that have been solicited to their customers prior to the effective date of the Regulations, for example, a complex investment trust similar to the over-the-counter derivatives transactions discussed herein may be examined again if it has not been properly established that the said

investment trust is reasonable for a certain type of customers as an investment target under the existing internal rules (e.g., the case where target party of the solicitation for acquisition has not been properly examined).

The Regulations provide for the beneficiary certificates of new investment trusts. However, where it is considered that there has been a material change in the risks, etc. (price fluctuation risk, credit risk, liquidity risk, etc.) of existing investment trusts that have been verified previously (including those that had been solicited prior to the effective date of the Regulations) as result of sudden change in the investment environment (e.g., fluctuations of market conditions, system change, increased consultation and complaints, etc.), such investment trusts may be re-examined as appropriate, and consideration may be possibly given to changes in the target customers for solicitation or suspension of the solicitation for acquisition.

Contents and depth, responsible division, and procedures concerned with the verification must be practically and appropriately determined in conformity with the actual conditions of each Management Company and implemented according to the type and risk characteristics of each investment trust.

Q4 What are specifically expected by the text “to verify in advance that the relevant investment trust to be solicited is reasonable at least for a certain type of customers as an investment target”?

Verification of the same detail is not necessary for all investment trusts, and flexible response is possible for plain products such as a listed share fund. Since the purpose of examining the Suitability on Reasonable Grounds is to ascertain that the relevant investment fund is reasonable at least for a certain type of customers as an investment target, vanilla funds without complex structure and widely recognized funds in society require only simplified examination to identify and set the scope of certain type of customers.

On the other hand, for complex investment trusts, etc. similar to over-the-counter derivative transactions, it will be imperative to perform more detailed examination. The following recommendations indicate the viewpoint from which verification should be performed, and do not require that verification process be performed in the order of (1), (2), and (3). These verifications may be performed as a single process, or may be conducted individually by different divisions. In addition, in the event that the solicitation for acquisition is limited to qualified institutional investors (equivalent to the verification in (2)), the verification in (1) may be simplified or omitted, depending on the subject investment trust and/or the target investors.

(1) Decision on investment trust to be solicited

(i) Nature and degree of risk

What kind of risk the customers would suffer and when such risk occurs. Then, it is reasonable to examine if the size of such risk is acceptable to the customers. First, it is recommended to check whether or not any investment trust with similar product and risk characteristics has already been verified. If there does not exist any similar investment trust already verified, then the relevant investment trust needs to be verified.

Verification shall be made in accordance with the characteristics of a product. Especially for products with complicated structure, verification may be made carefully by conducting various

simulations, comparisons, and analyses on items including the following. It should be noted that the types of risk are not limited to the following examples.

- Price fluctuation risk: Possible impact and its magnitude caused by fluctuations in interest rates, stock prices, exchange rates, commodity prices, etc.
- Credit risk: Possibility of default of the concerned investment trust and effects on such trust caused by credit deterioration of the issuer, guarantor, counterparty, underlying assets, etc.
- Liquidity risk: Liquidity of the concerned investment trust and effects on such trust caused by the lack of liquidity of the underlying assets.

(ii) Cost and performance

Verification is required for cost to be paid by the customers. Such cost may include fees, trust fees, interest rates, etc., but actual amount or rate itself does not represent an issue. It is more important to examine whether such amount or rate is reasonable and acceptable to the customers in light of the product characteristics, trade practices, etc. For example, when introducing an investment trust with higher sales commission and trust fee rates than those of investment trusts currently being offered, it is recommended to verify the reasonableness of such high rates.

In addition, verification is required to review whether the performance expectation for the customers is reasonable according to the product attributes, etc. For example, it is appropriate to verify whether the performance expectation of an investment trust with complicated structure is reasonable in comparison with existing products with similar schemes or securities to be invested in. Furthermore, it is appropriate to investigate whether or not the same level of performance can be obtained with a simpler structure or a lower risk while investing in the same type of asset. In this process, it is also important to investigate that the expected interest yield, return, etc. are reasonable.

(2) Identification of target investors for solicitation for acquisition

(i) Target customers

Based on the results of the verification in (1) above, the existence or non-existence and the scope of target customers for solicitation for acquisition will be identified.

As a result, the Full Member shall not engage in solicitation for acquisition of the concerned investment trust when they are unable to identify suitable target customers thereof.

In addition to the verification performed in compliance with the Regulations, if the Full Member determines that it is necessary to impose certain restrictions on solicitation activities with respect to an investment trust, which they market (including setting conditions for the target customers and selection of uninvited customers for the investment), they may clearly state substance of such restrictions.

(ii) Method of imposing possible restrictions

In addition to the verification performed in compliance with the Regulations, if the Full Member determines that it is necessary to impose certain restrictions on solicitation activities with respect to an investment trust, which they market, they need to decide which to apply the “Guidelines for the Commencement of Solicitation” or the “Criteria for the Commencement of Transactions” as a method of restriction, as well as whether or not to obtain the letter of understanding from the relevant

customers.

(3) Method of solicitation for acquisition

Based on the results of the verification described in (1) and (2) above and decision on the format of solicitation for acquisition (through public offering or private placement), it is required to examine the appropriateness of the necessary marketing materials such as the prospectus, pre-contract documents, advertising, etc.

Since it is important for the person who conducts solicitation for acquisition to have a sufficient understanding of the relevant investment trust with respect to its suitability on reasonable grounds, not only appropriateness of the marketing materials but also awareness and understanding of Sales Officers and Representatives to the effect shall be checked. In particular, regarding investment trusts with complex structure, it may be advisable to provide staff education such as in-house training.

Q5 Who should perform the prior verification? Should the Legal department or Compliance departments always perform them?

With regard to the decision on the suitability of an investment trust for solicitation for acquisition, the product department, which develops and creates such investment trusts, and/or the trading department, which purchases such products, should be involved in determining the level of risks, etc. Based on such decision, it is considered desirable that the Sales management department, the Legal department, and the Compliance department should jointly identify target customers who are suitable for such investment trust.

The legal and compliance check does not always have to be conducted by an independent specialized unit. For example, when attributes of the investment trust concerned are simple or degree of risk thereof is small, or when only qualified institutional investors are solicited for acquisition, the manager of the product department may conduct the legal and compliance check.

It is also possible to conduct the verification in committee or another organization in which each department concerned participates. Including such circumstances, it is indispensable to establish an internal system for prior verification in advance.

- Interpretation of the provisions of Article 3, Paragraph 2 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivative Transactions” and explanation of “Significant Matters” as set forth in Article 4, Paragraph 3 of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

Q6-1 What are the “Significant Matters” in connection with the offering or private placement and other business (hereinafter collectively referred to as “Direct Offering, etc.” ) of complex investment trusts similar to over-the-counter derivative transactions?

In the case of engaging in offering or private placement and other business (“Direct Offering, etc.”) of complex investment trusts similar to over-the-counter derivative transactions for the customers (excluding professional investors ), the following items are regarded as Significant Matters among others, in addition to risk, fees, etc. stated in a prospectus.

- (i) Estimated losses (provisional estimate) assuming the worst-case scenario regarding the level of financial indices, etc. relevant to the complex investment trust similar to over-the-counter derivative transactions.
- (ii) Fact to the effect that in the event that the situation different from the premise assumed in (i) above occurs, the amount of loss may further increase (including an explanation of such situation ).
- (iii) Details of the estimate amount to be received by an investor in case of premature sale (cancellation), including the estimate amount to be received in case of premature sale or cancellation assuming a worst-case scenario in relation to the level of relevant index, etc. and the fact to the effect that the actual amount to be received for such premature sale or cancellation may be less than the estimate amount provided.

Please refer to “Q6-2” and “Q6-4” for the method of explaining the estimate amount of loss on the assumption of the worst-case scenario mentioned in (i) and amount to be received as result of premature sales (cancellation) under the assumption of the worst-case scenario mentioned in (iii).

Q6-2 What kind of explanation is necessary for the “estimate loss amount assuming the worst-case scenario (at time of maturity/redemption of contract),” which is a Significant Matter for a complex investment trust similar to over-the-counter derivative transactions?

It is necessary to explain to the customers in plain language the extent to which losses are possible to be incurred by such transaction in regard to the “estimate amount of losses based on the worst-case scenario.” There are two ways to that effect:

- (Note) This “Q6-2” explains the estimated loss amount at the time of redemption for an investment trust similar to over-the-counter derivatives. Please refer to “Q6-4” for the estimated amount of loss caused by early cancellation or premature sale.

- (i) The extent to which losses are possible to be incurred in light of historical price movements (e.g., track records) of the referenced financial indices.
- (ii) The extent to which losses are possibly incurred when the referenced financial indicator falls (or rises) to a certain degree. (Conduct sensitivity analysis by assuming multiple degrees of declines (or rises) of the relevant financial indicator.)

The method described in (i) is referred to as “explanation based on historical data,” while the method described in (ii) is referred to as “explanation based on loss simulation.” In order to inform the customers of the amount of possible loss under the assumption of the worst-case scenario in an easy-to-understand manner, it is considered essential to include, in principle, the estimate amount derived from the method described in (i) in the explanatory materials of the transaction.

However, regarding the method in (i), there may be instances where there are no historical records available for reference or measurement using historical data is not appropriate in view of the product attributes. See below for the examples of such products. In such circumstance, it may be recommended to include the estimate amount derived from the method described in (ii), an explanation as to why the estimate based on method of (i) is not given (or cannot be given) as well as circumstances where the maximum loss may occur.

Even if the estimate derived based on the method (i) is stated, it does not prohibit from including the estimate derived based on the method (ii) in accordance with the attributes of the relevant product.

Moreover, bearing in mind that the estimate based on the method (i) is calculated as per past experiences, it is necessary to additionally state that the loss incurred may further increase in an event of situation different from the premise, including an explanation as to what such situation may be. The statement “there is a possibility of further increase in loss in an event of a situation different from the premise” is required for any investment trust similar to over-the-counter derivative transactions. In particular, regarding the product for which although there has been no major change in the index in the past, the potential loss could substantially exceed the figures calculated based on the method (i) in view of its product attributes, it is advisable to devise an explanation to prevent the customers from misunderstanding that maximum loss will be only in the scope of the estimates calculated based on the method (i).

On the other hand, if there is no clear reason not to state the estimate based on the method (i), it is considered necessary to include such estimate as well as the estimate based on the method (ii).

In any case, please keep in mind that the contents must be explained to the customers in such a manner as to be easy for them to understand and not to be misleading as to the extent of loss that such transaction could incur.

#### <Examples of Products Unsuitable for Measurement by Historical Data>

- Products for which the reference financial index has no historical data (If any index shows similar price movements to the reference index and can be substituted for it, such substitute index shall be applied for the explanation based on historical data.) [Examples: Products that refer to individual stocks that have not been listed long enough or newly designed financial index, those with a knock-in

clause but have not reached the knock-in level in the past, etc.]

- Products with a variety of reference financial indices for which it is difficult to assume a worst-case scenario based on historical data [Example: Products with reference to a large number of individual shares, each of which has a knock-in price with varying redemption price subject to the number of knocked-in shares, etc.]
  - Product whose price or cash flow will be 100 (par value) but become 0 (nil) if the reference index reaches a certain prescribed condition where the maximum expected loss is 100%, meaning no residual value to the product. [Example: Product the redemption price of which is nil if the price of the reference stock at the time of redemption is below a certain level with par value to be reimbursed in any other instance, interest rate swap product with the maximum loss expected when variable interest rate is 0%, etc.]
  - Products for which the credit risk of an individual enterprise such as an issuer is used as a reference financial index or those products for which the credit risk is a sole factor for damaging the redemption value [Example: Products whose prices fluctuate when a credit event occurs to the reference enterprise, products for which redemption will be made at a par value except when a credit event occurs to the issuer, etc.]
  - Products referring to financial indices that have been stable over a long period of time [Example: Products referring to yen interest rates, etc.]
- \* If a Full Member reasonably judges that the estimate based on historical data is possible for any of those products listed above as examples (including those for which measurement is judged impossible at the time of redemption but possible in case of premature sale), such measurement shall not be prevented from being mentioned in the explanatory materials.

Q6-3 What period of time should be referred to when using historical data to estimate the possible loss? Also, how should I calculate the amount of loss?

No reference period is specified. However, since the purpose of using historical data is to clearly indicate losses expected under the worst-case scenario, it is desirable that the period of reference should be deemed reasonable by our Full Member in light of the product attributes and should include a period of time during which the reference data is judged to have fluctuated significantly. It is not essential to apply all available historical data of the financial indicator to which the concerned product refers, or to use the same reference periods of historical data for all when referencing multiple financial indices. However, it should be noted that these points have to be sufficiently understood by the customers.

The estimate of possible loss may be calculated by the Full Member in a manner that they believe is easy for their customers to understand and reasonably assume the worst-case scenario. For example, there is a calculation method based on the rate of change between the maximum and minimum values during the reference period, or calculation based on the maximum rate of decline during the relevant number of years



in the reference period according to the term to maturity of the financial product to be sold. However, the latter method may not be suitable for financial instruments for which the term to maturity (or contract period) is super long or conversely very short.

Although the same calculation method may not always be applicable to all transactions and products handled by a Full Member, it should be noted to apply the same calculation method at least to similar transactions or products as far as possible so as not to cause misunderstanding among customers.

The historical data used for calculation must be reviewed on a regular basis.

In the event that the current value of the referenced financial benchmark is significantly different from the one presented as the worst-case scenario in the explanatory material, a prompt change of the description shall be regarded appropriate. Especially when such a situation arises with respect to the products currently being sold, it is necessary to fully explain the situation to the customers.

Q6-4 What kind of explanation is necessary for “liquidation value to be received for premature sale (cancellation settlement) estimated under the worst-case scenario,” which is a Significant Matter for complex investment trusts similar to over-the-counter derivatives transactions?

1. With regard to the “Liquidation amount to be received by an investor for premature sale (cancellation settlement) estimated under the worst-case scenario,” it is also considered necessary, in principle, to provide an explanation based on the historical data as is the case with the estimate amount of possible loss assumed on the worst-case scenario.
2. The Japan Securities Dealers Association has the following views on over-the-counter derivative transactions:

Unlike redemption amount at the time of expiration of contract, the amount to be received by an investor for premature sale (cancellation settlement) is affected by the presence or absence of a penalty imposed for such cancellation in relation to over-the-counter derivative transactions and by the liquidity status at the time of sale and the level of yield over the remaining term in relation to structured bonds. Therefore, in preparing the relevant explanatory materials, it is essential to clarify the conditions applicable for premature sales or cancellation including the presence or absence of such penalty, assumed timing of the cancellation, etc. as consideration items. Then, if it is truly difficult to calculate the liquidation value to be received at the time of early cancellation in relation to over-the-counter derivative transactions and such an estimate based on historical data is not or cannot be provided as the supplementary explanation, the explanation based on loss simulation calculated in the method (ii) may be provided. However, the explanation based on loss simulation calculated on the method (ii) alone may not be able to adequately and sufficiently address the estimate of possible loss.

Under such a circumstance, it is also advisable to provide the following explanation instead of the explanation concerned with method (i) on top of showing the theoretical price level assumed in the method (ii).

- (a) There may be expenses or losses arising as a result of concluding an alternative transaction or a

counter transaction made by a member of the Japan Securities Dealers Association with a third party in connection with the cancellation of contract; (b) Such expenses or losses shall be borne by the customer at the time of early cancellation as a part of cancellation settlement (penalty); (c) With respect to such cancellation settlement (penalty), it is impossible to calculate an estimate; (d) Accordingly, it is difficult to calculate an estimate of possible loss; (e) The cancellation settlement (penalty) payable by the customer may exceed the estimated amount of loss based on the worst-case scenario at the time of contract maturity.

3. With regard to complex investment trusts similar to over-the-counter derivative transactions, if it is considered truly difficult to adequately and sufficiently explain the liquidation amount to be received by an investor for premature sale (settlement for cancellation) for reasons such as insufficient liquidity of the products concerned, as in the case of 2 above, it is also possible to explain that losses exceeding those calculated on the theoretical price level may be incurred after clearly describing the reason for the difficulty of calculation together with the theoretical price level assumed in method (ii).

Q7 What are the “Significant Matters” in connection with the Direct Offering, etc. of the leveraged investment trusts (excluding those listed on the Financial Instruments Exchange Market and those falling under 6; the same shall apply in 7. )?

When engaging in Direct Offering, etc. of the leveraged investment trusts to customers (excluding professional investors ), as is the case with other investment trusts, the objectives, characteristics, risks, fees, etc. of the fund stipulated in the prospectus shall be explained. Furthermore, it is advisable to explain the following matters specifically.

In giving an explanation, since it is important for the customers to gain sufficient understanding, it should be contemplated to obtain a confirmation letter of understanding from such customers in order to ascertain their understanding.

- (i) Since the concerned fund is managed with the aim of achieving a higher return than the referenced index by a certain margin, in case such index falls, there is a possibility of incurring a larger loss compared with the index referenced.
  - (ii) In case when investment trust concerned is a bull or bear fund, the bear fund is managed with the aim of having an opposite investment effect against the referenced index by a certain factor. Accordingly, if such index rises, the fund has a possibility of incurring a larger loss compared with the index referenced.
- Interpretation of “Criteria for the Commencement of Solicitation” as set forth in Article 4 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions” and Article 6-2 of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

Q8 Why did the “Criteria for the Commencement of Solicitation” become established?

“Criteria for the Commencement of Solicitation” are one of the standards required by the Financial Services Agency to strengthen its sales and solicitation rules by voluntary regulation in the “Ideas for Restrictions on Uninvited Solicitation of Derivatives Transactions” published by the Agency on September 13, 2010.

In the provision, as part of “practicing the principles of suitability,” it is stipulated that “for complex structured bonds and investment trusts similar to over-the-counter derivative transactions, which are difficult for individual customers to understand, the development of voluntary regulations to exercise such principles of suitability is required.” Specifically, they demand “the establishment of standards to determine whether or not solicitation could be commenced in accordance with the risk characteristics of product and the nature of the customers (Criteria for the Commencement of Solicitation) as well as conducting prior verification of the product as to its suitability for sale to investors (Suitability on Reasonable Grounds).”

The reason why the “Criteria for the Commencement of Solicitation” are required is a large number of complaints received by consumer groups, which claim that certain complex products with risk characteristics similar to derivative transactions have been sold to the elderly who do not have substantial assets nor seem to have a high level of understanding for such investment, resulting in unexpected large losses incurred.

It can be said that the substance of such complaints varies from one to another, but the fact that such complaints have arisen in large numbers is not a desirable situation in terms of fostering, maintaining, and improving the relationship of trust between investors and Full Members (Management Companies).

The purpose of the “Criteria for the Commencement of Solicitation” set forth in the rules of this Association is not only to put into practice the requirements by the Financial Services Agency that the standards for conducting solicitation in accordance with the risk characteristics of products and nature of customers (Criteria for the Commencement of Solicitation) should be established, but also to prevent Full Members (Management Companies) from engaging in solicitation activities for investments that are highly likely to create such complaints through self-regulating the scope of target customers.

Q9 Is the “Criteria for the Commencement of Solicitation” different from the “Criteria for the Commencement of Transactions”? If so, what is the difference?

As set forth in Article 4 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions” and Article 6-2 of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.,” the “Criteria for the Commencement of Solicitation” shall establish the scope of customers for whom investment solicitation by visit, telephone call, or at the branch counter is allowed among those customers who have not asked for solicitation for the concerned investment. Accordingly, no solicitation shall be made to customers who do not meet the Criteria, whether or not such solicitation will result in the conclusion of a contract.

The term “solicitation,” as used herein, means, as provided for in Article 4 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions” and Article 6-2 of the

“Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.,” any solicitation for acquisition made to a customer who has not requested such solicitation for acquisition for the concerned investment by visit or telephone or at the head office or any business office of a Full Member (Management Company). Herein, the scope of customers is limited to individual investors excluding professional investors. Restrictions on uninvited solicitation provided for in Article 38, Paragraph 4 of the Financial Instruments and Exchange Act are only concerned for visits or telephone calls. However, it should be noted that the Criteria apply to a customer who visits a branch of the Full Member for the purpose of consultation or purchase of a different product because it is necessary to pay sufficient attention to the suitability, etc. of the customer when making solicitation for another product not contemplated by such customer.

Q10 What kind of standards do the “Criteria for the Commencement of Solicitation” are supposed to establish? Should specific numerical criteria be established?

“Criteria for the Commencement of Solicitation” must be determined in accordance with the risk characteristics of the product and the nature of the customer. In consideration of the principles of suitability and recent examples of trouble, it is advisable to prepare solicitation standards based on the following prerequisites:

#### 1. Age and trading experience of investor

Since investment trusts subject to the establishment of the “Criteria for the Commencement of Solicitation” are complex products with risk characteristics similar to those of derivative transactions, it is natural that such investment trusts are intended for customers with a certain level of understanding and judgment. Therefore, it is reasonable to set standards based on the age and investment experience of an investor.

It is generally considered that as one ages, one’s ability to understand and make decisions declines, and in view of the fact that recent news reports have indicated that elderly people living alone or the elderly with dementia are suffering from property damage one after another, it is considered to be effective to develop standards with due consideration to one’s age, such as obliging more careful application of such standards to the elderly.

Of course, it does not mean everyone over a certain age has a lack of, or a low level of, understanding, and it depends on an individual. Therefore, when developing standards based on the customers’ age, it is conceivable to establish such standards taking into account not only their specific age but also their trading experience, financial status, etc., in addition to requiring an interview with the customers themselves or their family members to ascertain their level of understanding prior to any solicitation concerned with customers older than the specific age.

With regard to trading experience, for example, it is conceivable to require as criteria that the relevant customer has conducted similar transactions in the past. However, it does not necessarily indicate that solicitation must be prohibited for any customer without similar experience in the past. Because trading

experience is regarded as a part of basis for measuring their level of comprehension and judgment, it is also reasonable to require as condition having an interview with the relevant customer so as to ascertain their level of understanding.

Furthermore, as trading experience will change with time, it is necessary for each Full Member to make a judgment based on information obtained during the period of time considered reasonable rather than making a mechanical judgment based on information on the customer card created at the time of account opening many years ago.

## 2. Financial status of investor (Major form of income and holding status of financial assets)

Investment solicitation subject to the establishment of the “Criteria for the Commencement of Solicitation” would be suitable only for investors with a certain amount of income or financial assets. For example, products with a high level of minimum investment amount or with low liquidity should be sold only to customers with a certain degree of financial resources such as financial assets, etc.

Financial status of a customer may be measured by the total financial assets and revenues of the customer rather than by the assets held in custody of the Full Member. However, since these are difficult to measure accurately, it is necessary to take care not to overestimate them.

## 3. Investment objectives and policy of investor

In most cases, solicitation for acquisition subject to the establishment of the “Criteria for the Commencement of Solicitation” is not considered to be suitable for a customer whose investment objective is to secure the safety of principal or a customer who is investing from the fund for future living.

Moreover, even for speculative purposes, each investor is likely to have a difference tolerance level for risk. Consequently, it is appropriate to develop the criteria in consideration of the tolerance level for risk.

As investment objectives and policy are also likely to change with time, it is imperative to pay sufficient attention to the changing objectives and policy of existing customers as well. It should also be noted that investment objectives and policy of an investor may vary subject to the nature of the investment fund.

## 4. Others

In addition to the listed above, it is reasonable to include into the criteria matters which a Full Member (Management Company) considers appropriate in consideration of risk characteristics of the product, such as prior interview with the relevant customer.

Any standard that is not sufficiently specific, or which can be met by every customer, will be contrary to the intent of the establishment of the “Criteria for the Commencement of Solicitation.” Consequently, it is essential to make them effective.

Q11 Should the “Criteria for the Commencement of Solicitation” be established for each transaction or each product? Can it be established comprehensively?

There are many types of complex investment trusts similar to over-the-counter derivative transactions that are subject to the establishment of the “Criteria for the Commencement of Solicitation” in their product attributes and risk profile. However, given the possibility that the establishment of detailed standards for each investment trust may lead to operational difficulty and loss of effectiveness, this does not preclude the possibility of grading investment trusts into different groups dependent on their risk characteristics and then developing separate standards per risk grade group for the management of target customers per investment solicitation in accordance with the internal procedures. Under such circumstance, it is possible to establish in advance multiple types of the Criteria for the Commencement of Solicitation subject to the degree of risk characteristics, etc. of product and identify an appropriate type of the Criteria whenever handling a new product.

It is considered desirable for Full Members (Management Companies) to establish effective standards from the viewpoint of investor protection in accordance with the product attributes and risk profile of an investment trust to be solicited for acquisition.

Q12 What sort of system is required to confirm that the Criteria for the Commencement of Solicitation is satisfied?

The probable items to be provided for in the “Criteria for the Commencement of Solicitation” are expected to include those which cannot be measured by numerical values only as discussed in Q10 and those which may change constantly. In consideration of these points, it is appropriate that, with regard to items related to a customer’s capability to understand complex structure that cannot be measured by numerical values alone, a relevant manager (who is practically in charge of managing Sales Officers and Representatives and may belong to either the sales department or the internal control department) shall confirm or approve whether or not the concerned customer satisfies the Criteria for the Commencement of Solicitation by conducting a hearing from the responsible Sales Officers and Representatives regarding such customer’s latest conditions or conducting a direct interview with such customer, if appropriate.

In addition, where the relevant managers are obligated to check themselves any item established, which is difficult to confirm due to a lack of numerical criterion, it is considered appropriate to establish a control system in accordance with the business method and system environment of a Full Member (Management Company) so that such confirmation process can be verified later.

Q13 How often should the Criteria for the Commencement of Solicitation be applied?

It will be desirable to apply the Criteria for the Commencement of Solicitation to check whether or not the

customer satisfies such Criteria at each solicitation for acquisition based on the information available at the time of such solicitation. Meanwhile, in the event that the Full Member has already confirmed that the customer meets the Criteria for the Commencement of Solicitation for a certain range of transactions and has been recognized as such customer who can be solicited after having obtained confirmation and approval from the relevant managers, while continuously being engaged in transactions with the company thereafter, the company may not have to go through the same procedures for each solicitation to satisfy the Criteria.

However, in case of the elderly people, their understanding and judgment may deteriorate as they age, and their investment objectives and policy may also change in some cases. Therefore, it is considered important to periodically review customers' suitability for solicitation.

In the event that there is a substantial change in the situation of a customer who is classified to be suitable for solicitation after having started solicitation for a product, it is necessary to examine whether or not such customer should continue to be treated as a suitable customer in accordance with the internal procedures established before continuing the soliciting activities for the said investment. If, as a result of such review, it is determined based on new facts that the customer concerned doesn't satisfy the Criteria for the Commencement of Solicitation anymore, it is appropriate to recognize such customer not suitable for solicitation and record the result as such.

- Interpretation of the provisions of Article 5 of the "Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions"

Q14 What is an "Alert Document"?

The purpose of the Alert Document is to enable customers to clearly and concisely understand whether or not the transaction to be solicited is subject to the restrictions on uninvited solicitation with higher risk compared with general transactions. Specifically, the Management Company will deliver and explain the document that includes (i) warning regarding risk and (ii) the availability of financial ADR institutions for filing complaint and dispute resolution together with their contact information.

Q15 Is the format of the "Alert Document" fixed?

Although the format to be used has not been fixed, please use the example format of Alert Document that is prepared as reference.

Q16 Is it possible to change the example format of the "Alert Document"?

Although it is not always necessary to follow the example format with regard to the expression, font size, character type, use of underlines, etc., in consideration of the purpose of such document as warning, it is recommended any Alert Document is prepared with reference to the example provided.

Please clearly and accurately describe those items to be included in the Alert Document as listed in (i) and (ii) in the answer to Q14.

Q17 At what timing should the “Alert Document” be delivered?

Basically, such document must be delivered to the customer before the conclusion of a contract. Therefore, it may be delivered at latest at the same time of delivering the pre-contract documents and prospectus. Please refer to Q18 and Q19 for the method of delivery.

Q18 Is it possible to deliver the Alert Document at the same time or being combined with the pre-contract documents and prospectus?

Since the purpose of the Alert Document is for the customers to understand its content in an easy and concise manner, it is basically assumed that to be delivered as a single independent document.

However, it is not to prohibit delivering such warning together with the pre-contract documents and prospectus (including delivery by mail, etc. ). In such case, it is desirable that such an Alert Document be placed on top of the pre-contract documents and prospectus.

Although it is possible to deliver the Alert Document simultaneously with the pre-contract documents and/or prospectus in order to prevent any omission in delivering such Warnings, in such a case, it is indispensable to devise ways to ensure that the Warnings is read, by placing it on top of the pre-contract documents or inserting such an Alert Document between the first pages of the prospectus.

Thus, when delivering the Alert Document at the same time as other documents, it is recommended to pay attention to the delivery method so as to avoid the situation where such document is not recognized or read by the customer, being lost among other documents.

Q19 Is it possible to deliver the “Alert Document” by electromagnetic means?

Alert Document may be delivered electronically as provided in Article 7 of the “Rules on Complex Investment Trusts Similar to Over-the-counter Derivatives Transactions.” However, in such a case, it is imperative to devise ways to ensure that the Alert Document is read. For example, when registering a PDF file or displaying a link to such document, it is necessary to combine the files into one file or to set a button to confirm that the user has inspected the concerned document. When delivering the document by electromagnetic means and concluding the transaction by telephone or visit, it is reasonable to obtain oral confirmation from the customer at such occasion of verbal communication.

As for the contact information of ADR agencies, it should be presented in a manner that is easy for the customers to immediately find them when needed. For example, in addition to posting the contact information of the ADR agencies in an easy-to-find place on the home page of a Full Member (such as a site



where various policies obligated to be published under laws and various contact information for complaints are posted), the text that “contact information of the ADR agencies is also posted in xx (site address)” can be included in the Alert Document to be displayed on the trading site of company’s website so as to serve customers’ convenience.

○ Others

Q20 With regard to “complex investment trusts similar to over-the-counter derivatives” and “leveraged investment trusts,” should the investment trust management company inform the distribution companies selling such investment trusts of such facts?

In order not to create problems with handling of the relevant investment trust when distributed by multiple companies, it is desirable for the investment trust management company, developer of the relevant investment trust, to inform all the sales companies involved that the investment trust concerned is a “complex investment trust similar to over-the-counter derivatives transaction” or a “leveraged investment trust.”

Q21 In the definition of “complex investment trusts similar to over-the-counter derivatives transactions,” what is the significance of the text, “an investment trust which has the same product attributes as, or similar effects to, the structured bonds in which the concerned investment trust invests”?

The “Rules on Investment Solicitation and Customer Management by Association Members” of the Japan Securities Dealers Association impose restrictions on complex structured bonds similar to over-the-counter derivative transactions. Therefore, if a customer who purchases an investment trust that holds structured bond subject to such restrictions falls into the similar situation to investing directly in such restricted structured bond, this will create an act of regulatory arbitrage.

In order to prevent such regulatory arbitrage from occurring when investment trusts are developed to have the same effect as the structured bonds subject to the regulations by investing directly in such structured bonds or have similar effects as if such investment trust was itself structured bonds, the term has defined those investment trusts with the same as, or similar effects to, the structured bonds so that similar restrictions are applicable to such trusts as those imposed on the concerned structured bonds.

Q22 Item “b” in the definition of “complex investment trusts similar to over-the-counter derivative transactions” lists “trusts where redemption price could be below the par value.” Because unlike bonds, any investment trust has an inherent risk of falling below par value, isn’t this definition misleading as if it were referring to all investment trusts?

In the definition of Article 2, the items “a” through “e” describe certain prerequisites concerned with the

definition of “bonds” and not to describe investment trusts.

This definition is not concerned with the risk of falling below par value inherent in all investment trusts but with those bonds where their values could fall under par value.

Q23 If an investment trust is developed as to have the same effects as a leveraged investment trust by investing in leveraged structured bonds, is the product a “complex investment trust similar to an over-the-counter derivatives transaction” or a “leveraged investment trust”?

When an investment trust is developed so as to have the same effects as a “leveraged structured bond” by investing in leveraged “structured bonds,” all such products will be classified as complex investment trust similar to an over-the-counter derivative transaction.

Investment trusts developed to have correlation or inverse correlation to a variety of indices or assets through the direct investment in futures transactions in shares, over-the-counter forex option, etc. are not categorized as complex investment trusts similar to over-the-counter derivatives transactions. Such products are subject to the restrictions as leveraged investment trusts only if the definition of leveraged investment trust applies to them.

Q24 In the definition of the “complex investment trusts similar to over-the-counter derivatives transactions,” is it not possible to assume that the scope of application of such definition may vary depending on an investment trust management company that develops such investment trusts?

To prevent such situation from happening, in addition to the definitions set forth herein, details of the nature of complex structured bonds similar to derivative transactions are separately listed in the table, which is prepared by the Japan Securities Dealers Association and separately presented.

In the event that an investment trust is developed to which such table is not applicable or which is difficult to classify, the relevant committee, etc. within the Investment Trusts Association, Japan shall share information on the suitability of classification and take measures to serve the convenience of Full Members.

\* This is a compilation of the interpretations and ideas regarding the “Regulations for Complex Investment Trusts Similar to Over-the-Counter Derivative Transactions” enforced on April 1, 2011.

#### Supplementary Provision

The amendments come into effect on December 13, 2012.

# Guidelines for Utilizing REITs to Promote Supply of Health Care Facilities

Established on May 15, 2014

## 1. Purpose

The purpose of these Guidelines is to provide for the basic principles in order for an investment trust management company (investment trust management company and asset management company as defined in Article 2, Paragraphs 11 and 21 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951)) to appropriately perform their business according to the “Special Provisions for Health Care Facilities” as defined in Article 24-5 of the Rules on Real Estate Investment Trusts (REIT) and Real Estate Investment Corporations.

## 2. Basic Principle

- (1) Measures for obtaining necessary information from the Operators when investing in Health Care Facilities in consideration of actual conditions, etc. pertinent to the Operator

Since Health Care Facilities are assets for which special knowledge and expertise are required for their operation, when an investment management company invests in such Facilities as an asset for real estate investment trusts, it is necessary for the management company to conduct an appropriate business evaluation of the Operator, such as their business capability and stability of management according to the operational nature of the Health Care Facilities as part of the asset evaluation process.

Information to be collected and acquired by the management company from the Operator may, for example, include the following listed in (a) to (e):

- a. Information on reasons for departure of the residents, operating expenses, breakdown and trend thereof, marketing structure, the situation on acquiring new residents, etc. in order to understand the marketing capability of the Operator and profitability of the facilities,
- b. Information on the number of staff by occupation, changes in the number of full-time and part-time staff, status of employees' qualifications, turnover rate, etc. in order to understand the staffing structure,
- c. Reference materials and information related to care plans and care records, incident accident reports, administrative audit (inspections), various manuals, etc. in order to check the status of care provision and compliance,
- d. Financial and accounting item statements for the past several years to check the financial condition of the Operator and/or the guarantor of the lease contract guaranteeing the rent payment, and
- e. Information on the Operator's efforts to absorb opinions for improving the satisfaction level of their residents and the status of implementing a third-party evaluation.

When the investment management company tries to collect the above information from the Operator, such Operator may encounter the following issues:

- The system for providing timely information has not been established.

- Since there is a lot of highly confidential information, including sensitive personal information, etc. involved in operating Health Care Facilities, there exist concerns for external leakage of information, as well as psychological resistance to such information disclosure.
- Lack of understanding on the part of the Operator for the reasons why the management company requires such information, purposes for which such information is to be used, and so on.

Therefore, the management company may take the following actions in consideration of such circumstances.

- (i) Share understanding with the Operator regarding the necessary information and purpose of information obtained and so on by giving clear explanation to the Operator about such necessity of information, reasons why such information is needed, purposes for which such information is used, etc. from the management company.
  - (ii) Despite the existence of required data at the hands of the Operator, if such data is not organized systematically or can't be provided in a timely manner, the investment management company shall support the Operator in maintaining and organizing such data in order to obtain the necessary information.
  - (iii) With respect to highly confidential information such as specific individual data, and strategies, methods, and actual conditions concerned with the management of the relevant facilities, the issue can be addressed by concluding a confidentiality agreement with the Operator or using aggregate data in order to prevent such information from being leaked outside.
  - (iv) If it is still difficult to obtain reference materials or data from the Operator even after the measures described in (i) through (iii) above are taken, it is recommended to take a flexible approach in line with the actual circumstances of the Operator, such as conducting interviews and on-site inspections.
- (2) Provision of information to facility users and other measures to ensure that the inclusion of Health Care Facilities as investment targets for the REIT, etc., does not cause anxiety among facility users.

If an investment management company invests in Health Care Facilities through the REIT, etc., the users of the facilities are likely to have the following concerns:

- Whether they can use the relevant facilities consistently and continuously
- Level of services provided by an Operator may be downgraded for the benefit of the concerned REIT, etc., and
- The rent to be paid by the Operator to such REIT, etc. may be raised, resulting in higher fees for residents and/or the users of the facilities' services.

In order to dispel such concerns and anxieties, it is advisable that the management company should encourage the Operator to provide information and explanations to the users of the facilities regarding the following matters, and that the management company themselves in cooperation with the Operator provides such information and explanations to the users as much as possible.

- (i) Structure and characteristics of the relevant REIT, etc. and relationship among such REIT, the Operator,

and users of the facilities

- (ii) Investment policy of the REIT, etc. that aims at a stable long-term ownership, and appropriate maintenance and management of the facilities, etc. to be provided under such policy
- (iii) Fact that they are managed under the policy of investing in Health Care Facilities, thus unlikely to be converted for other purposes
- (iv) Information on past investment records and sponsors
- (v) Efforts by such REIT, etc. to monitor the quality of Operator services, etc.

Furthermore, it is advisable that the following points should be stipulated as clearly as possible in the lease agreement, etc. to be concluded between the REIT, etc. and the Operator. In particular, it is recommended that the investment management company shall periodically check with the Operator whether the facilities conform to or comply with the related laws and administrative guidance related to Health Care Facilities.

- (i) The Operator shall conform to and comply with, applicable laws, regulations, and administrative guidance with regard to the conditions of the Health Care Facilities subject to the investment by the REIT, user fees to be paid to the Operator by the users of such facilities, and the contents of contracts between the users thereof and the Operator.
  - (ii) Details of services to be provided by the Operator to the users of the facilities.
  - (iii) Details of maintenance, repairs, etc. of the buildings to be conducted by the REIT, etc. that owns the Health Care Facilities concerned.
  - (iv) Terms and conditions concerned with discharge or cancellation of the lease agreement, or change of the rent.
- (3) Disclosure to investors of circumstances specific to Health Care Facilities in addition to general disclosure items

For the Health Care Facilities as well as other assets that have been invested by the REIT, etc., disclosure is required for the benefit of investors as to information on the general disclosure items, including the present conditions of land and structures, and rights thereto (location, area, age, etc.), profit and distribution estimates, etc. at the same level as other assets.

In addition to the above, for Health Care Facilities disclosure is required for the benefit of investors as to information regarding the Operator, business evaluation, legislative revisions, etc.

Accordingly, the investment management company may disclose to the investors the following matters in consideration of the circumstances specific to the Health Care Facilities:

- Information on change of Operator
- Summary of the Operator's business and information on their marketing capability (business status of the Operator, etc.)
- Risk information related to legislative revisions, and degree of the Operator's dependence on long-term care insurance premiums for their income
- Summary information on the real estate appraisal pursuant to the operation of the relevant Health Care business
- Summary of current lease (occupancy rate, etc.) and details of lease contract (contract period,

provision regarding rent revision, etc.) between the REIT, etc. and the Operator concerned

- Operating status of facilities in which the REIT, etc. invest (operating profit before depreciation, etc. for all or individual properties held in such REITs)
- Information concerned with the residents (number of residents, occupancy rate, lump sum deposit amount, monthly management fee, etc.)
- Information on investment policies, investment systems (investment schemes), etc. for Health Care Facilities by the relevant REIT, etc.
- Presence or absence of a backup Operator
- Versatility of properties
- Information on implementation of business due diligence, etc.

Since some of the information is highly confidential or specialized, this may cause the Operator anxiety and psychological resistance to disclosing such information to investors as it is. Under such circumstance, from the viewpoint of facilitating disclosure to investors, the investment manager shall take necessary measures such as the following in order to disclose information on the Operator and the operational status of the Aged Care facilities:

- To disclose information on multiple facilities collectively.
- With respect to highly confidential and delicate information that is difficult to disclose individually, reference information shall be disclosed, including an indicator, index, ratio, and others that indicate the Operator's ability to pay rents, etc.
- Highly specialized information shall be processed into information easy to understand for investors prior to disclosure.

#### (4) Others

When applying the "Special Provisions on Health Care Facilities" set forth in Article 24-5 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations and these Guidelines, if the ratio of invested amount in Health Care Facilities to total assets of such REIT, etc. is low with limited effects thereto, appropriate response may be taken in accordance with such ratio and the degree of influence.

#### Supplementary Provision

The Guidelines shall come into effect on May 15, 2014.

Provided, however, that for any REIT or investment corporation whose accounting period or business year has commenced prior to such effective date, the amended provisions shall apply from the commencement date of the following accounting period or business year.

# Guidelines for Advertising, etc.

Established on April 28, 2004  
Revised on October 13, 2006  
Revised on May 17, 2012  
Revised on February 21, 2013  
Revised on December 12, 2013  
Revised on July 15, 2014  
Revised on November 12, 2015  
Revised on January 14, 2016  
Revised on December 13, 2018  
Revised on September 9, 2021  
Revised on December 9, 2021

## PART 1 Summary of Laws and Regulations

### 1. Definitions of Advertisement, etc.

Advertising or similar activities in Article 2 of the Rules on Display of Advertising, etc. and Provision of Gifts (hereinafter referred to as the “Rules”) are defined as follows referring to the Financial Instruments and Exchange Act (Act No. 25 of 1948: Hereinafter referred to as the “FIEA”).

“When advertising the contents of its Financial Instruments Business or performing any similar act specified by Cabinet Office Order(\*1), a Financial Instruments Business Operator, etc. must give the following particulars(\*2), pursuant to Cabinet Office Order provisions: ” [Article 37 of FIEA]

(\* 1) “Advertisement or any other act specified by Cabinet Office Order as being similar thereto” [Article 72 of Cabinet Office Order on Financial Instruments Business, etc. (hereinafter referred to as the “Order on Financial Instruments Business”)]

#### (1) Advertising

The following acts are considered to be advertising: [“Summary of and Financial Service Agency’s View, on Comments” dated July 31, 2007. I. Financial Instruments and Exchange Act - Regulation of Advertising, etc. [Article 37] (hereinafter referred to as “Public Comment”) Nos. 14-16, 46-51]

- Television commercial
- Radio commercial
- Display of poster
- Publication in newspaper
- Publication in magazine
- Online publishing

(Note) Among the above, it should be noted that TV commercials, radio commercials, and display of posters may fall under the category of “advertising, etc. in which their characteristics need to be taken into consideration” as discussed in (3) below.

(2) Act similar to advertising

Act of providing information of identical content to a large number of people by any of the following means is considered to be an act similar to advertising.

- Mail
- Letter delivery service
- Facsimile transmission
- Electronic mail transmission
- Provision of leaflets or brochure
- Others

However, the following shall not fall into the classification of advertising. [Each item of Article 72 of the Order on Financial Instruments Business]

- (i) distribution of documents prepared in accordance with laws or regulations, or in accordance with the dispositions rendered by administrative agencies under the laws and regulations;
- (ii) Distribution of materials on the analysis and appraisal of the respective companies (analyst report) not intended to be used for solicitation for the conclusion of a contract for financial instruments transaction;
- (iii) Provision of gifts or any other products indicating all of the following information only (so-called novelty products; limited to those with clear and accurate indication of matters listed in subitems (b) through (d) below) (Even if all required matters are not displayed on such gifts or products themselves, it is acceptable if they are provided together with other materials or articles on which such omitted matters are displayed.):
  - (a) Name, issue, or alias of any of the following;
    - Contract for financial instruments transaction or the types thereof;
    - Securities or the types thereof;
    - Invested business or the types thereof; or
    - Information equivalent to those listed above;
  - (b) Trade name, name, or alias of the financial instruments business operator, etc.;
  - (c) The fact to the effect that there is a risk of principal loss or that such loss could exceed the security deposits, etc. (limited to the case where the letters or numerical characters representing such matters are indicated in a size that does not differ substantially from the largest letters or numerical figures used for indicating other matters);
  - (d) Notice to the effect that the recipient thereof should comprehensively read pre-contract documents (or prospectus), etc.

(\* 2) Particulars to be indicated in advertising, etc.

The following particulars shall be indicated in advertising, etc. (advertising or performing any similar act):

- (i) The trade name or name of the Financial Instruments Business Operator, etc. [Article 37,



Paragraph 1, item (i) of the FIEA]

- (ii) An indication that it is a Financial Instruments Business Operator, etc., and its registration number; and [Article 37, Paragraph 1, item (ii) of the FIEA]
- (iii) The particulars of the contents of the Financial Instruments Business that the Financial Instruments Business Operator, etc. engages in, which are regarded as material particulars that may have an impact on customers' judgment. [Article 37, Paragraph 1, item (iii) of the FIEA]
- (a) The particulars of fees, remuneration, or any other consideration payable by the customer with regard to a Financial Instruments Transaction Contract; [Article 16, Paragraph 1, item (i) of Order for Enforcement of the Financial Instruments and Exchange Act (hereinafter referred to as the "Enforcement Order.")]
  - The amount of the consideration payable by customers in relation to a Contract for Financial Instruments Transaction irrespective of its name such as fees, remuneration, expenses, or others (excluding the price of the Securities or the Amount of Security Deposit, etc.) itemized by the types of such consideration or the upper limit thereof, or the outline of the method of calculation thereof (including the ratio to the price of the Securities, the amount of the Derivative Transactions, etc., that pertains to the Contract for Financial Instruments Transaction, or the ratio to the profit generating from the Acts of Financial Instruments Transaction); and the total of such amount or upper limit thereof, or the outline of the method of calculation thereof; provided, however, that in cases where these details cannot be indicated, such fact and the reasons therefor are indicated. [Article 74, Paragraph 1 of the Order on Financial Instruments Business]
  - Pertaining to the acquisition of rights to be indicated in investment trust, foreign investment trust, partnership agreement, or foreign partnership agreement, where the properties pertaining to such investment trust beneficial interests, etc. are to be invested in or contributed to, another investment trust beneficial interests, etc. the Fees, etc. are to include a trust fee and any other fees concerned with such investment trust beneficial interests, etc. subject to investment or contribution. Etc. [Article 74, Paragraphs 2, 3, and 4 of the Order on Financial Instruments Business]
- (b) The following particulars, if there is a risk of a loss to arise that has as its direct cause fluctuations in interest rates, foreign exchange rates, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a financial instruments transaction conducted by a customer; (risk warning) [Article 16, Paragraph 1, item (iv), of the Enforcement Order]
  - Relevant indicator; and
  - Indication of the risk that fluctuations in that indicator could give rise to a loss and the reasons for such loss.
- (c) The facts regarding significant matters on the contract for financial instruments transaction, which would be disadvantageous to the customer; [Article 16, Paragraph 1, item (vii), of the Enforcement Order, and Article 76, item (i) of the Order on Financial Instruments Business]

- (d) If the Financial Instruments Business Operator belongs to any Association (limited to those whose main members are ones engaged in the relevant Financial Instruments Business), such fact and the name of such Association [Article 16, Paragraph 1, item (vii) of the Enforcement Order and Article 76, item (ii) of the Order on Financial Instruments Business] (However, this does not prevent the member company from voluntarily listing the membership of other financial instruments business associations than that of the Financial Instruments Firms Associations, indication of which is a statutory description item. [Summary of FSA Comments dated June 5, 2019 and FSA's Opinion on Comments, Nos. 16, 17])
- (e) In case where the Financial Instruments Business Operator advertises their acts of financial instruments transaction in connection with a Leveraged Index, etc. (meaning a quotation or other index in a Financial Instruments Market which is calculated so that its daily rate of change is obtained by multiplying the daily rate of change of another index (hereinafter referred to as the "Original Index") by a certain ratio; the same shall apply hereinafter), the following matters [Article 16, Paragraph 1, item (vii), of the Enforcement Order, and Article 76, item (iv) of the Order on Financial Instruments Business]
- If there is any risk of diversion between the rate of change of such Leveraged Index and the rate obtained by multiplying the rate of change of the Original Index by a certain ratio, such fact and the reasons therefor
  - If investment in securities related to such Leveraged Index, does not conform to the medium-to-long term investment objectives, such fact and the reasons therefor

(3) Advertising, etc. in which their characteristics need to be taken into consideration

The following particulars shall be indicated if the acts of advertising, etc. are to be carried out by way of broadcasting, using the broadcast equipment of a private broadcaster or any other means specified by Cabinet Office Order as being equivalent thereto(\*3); [Article 16, Paragraph 2 of the Enforcement Order]

- (i) Trade name or name of the Financial Instruments Business Operator, etc.;
- (ii) Indication that it is a Financial Instruments Business Operator, etc., and its registration number; and
- (iii) Fact to the effect that there is a risk of a loss arising that has as its direct cause fluctuations in interest rates, foreign exchange rates, quotations on a Financial Instruments Market, or any other indicator, as regards an act that constitutes a financial instruments transaction conducted by a customer; and [Article 16, Paragraph 2, item (i) of the Enforcement Order]
- (iv) Notice to the effect that the recipient should comprehensively read pre-contract documents or prospectus. [Article 16, Paragraph 2(ii) of the Enforcement Order, and Article 77, Paragraph 2 and Article 72, item (iii)(d) of the Order on Financial Instruments Business]

(\* 3) Broadcasting through the broadcasting facilities of a general broadcaster or any other method specified by Cabinet Office Order as being equivalent thereto.

- (i) To broadcast using the broadcasting facilities of the following (so-called television commercial or radio commercial): [Article 77, Paragraph 1, item (i) of the Order on Financial Instruments Business, Public Comment Nos. 50 and 51]
  - (a) Cable television broadcasters;
  - (b) Any person who is engaged in wired radio; and
  - (c) Any person who is engaged in broadcasting utilizing telecommunications services.
- (ii) To make available for the customer's inspection the contents of information recorded in the files stored on the computer used by a Financial Instruments Business Operator, etc. or by a person who has accepted entrustment of the service of advertising, etc. to be made by the Financial Instruments Business Operator, etc. (limited to information identical to that provided by means of broadcasting using the broadcasting facilities of a general broadcaster or by the means specified in the preceding item (i)) via telecommunications line (online posting of the contents of television commercial or radio commercial); [Article 77, Paragraph 1, item (ii) of the Order on Financial Instruments Business]
- (iii) To present to the public an indoor or outdoor advertisement regularly or continuously for a fixed period, by means of posting or indicating it on signboards, standing signboards, bills, notices, advertising towers, billboards, buildings, any other structures, or any other methods similar thereto (posters put on signboards, walls or electronic bulletin boards, etc. excluding cases where such a poster is used for distribution as leaflet, electronic bulletin boards). [Article 77, Paragraph 1, item (iii) of the Order on Financial Instruments Business]

#### (4) Method of Indication of advertising, etc.

In cases where a Financial Instruments Business Operator, etc. intend to conduct advertising or similar acts with regard to the contents of their Financial Instruments Business, they must clearly and accurately indicate the matters listed in (\*2) above. [Article 73, Paragraph 1 of the Order on Financial Instruments Business]

In addition, the matters specified in provision (iii)(b) of (\*2) above shall be indicated in a font size that does not differ substantially from the size of the largest letters or numerical figures used for indicating other matters than such matters. [Article 73, Paragraph 2 of the Order on Financial Instruments Business]

#### (5) Prohibition of Misleading Advertising

When advertising the contents of their Financial Instruments Business or engaging in any similar act, a Financial Instruments Business Operator, etc. shall not make a representation that significantly conflicts with the fact of the matter or that could cause a person to have a serious misconception about the prospect of profiting from the performance of an act that constitutes a financial instruments transaction. [Article 37, Paragraph 2 of the FIEA]

- (i) Matters related to cancellation of a Contract for a Financial Instruments Transaction [Article 78, item (i) of the Order on Financial Instruments Business]

- (ii) Matters related to the sharing of all or part of the losses or a guarantee of profit, in connection with a Contract for a Financial Instruments Transaction [Article 78, item (ii) of the Order on Financial Instruments Business]
- (iii) Matters related to agreement for liquidated damages (including penalties) pertaining to the Contract for Financial Instruments Transaction [Article 78, item (iii) of the Order on Financial Instruments Business]
- (iv) Matters related to the financial instruments market or any other market similar thereto located in a foreign state, which pertains to the Contract for Financial Instruments Transaction [Article 78, item (iv) of the Order on Financial Instruments Business]
- (v) Matters regarding financial resources or credit of Financial Instruments Business Operators, etc. [Article 78, item (v) of the Order on Financial Instruments Business]
- (vi) Matters related to the performance of the financial instruments business conducted by the Financial Instruments Business Operator, etc. [Article 78, item (vi) of the Order on Financial Instruments Business]
- (vii) Matters related to the amount of the Fees, etc. payable by customers in connection with a contract for financial instruments transaction or the method of calculation thereof, and the method and timing of the payment of such fees, and the payee of such fees, etc. [Article 78, item (vii) of the Order on Financial Instruments Business]
- (viii) In case of advertising, etc. for acts of financial instruments transaction related to the Leveraged Index, etc., the following matters [Article 78, item (xiv) of the Order on Financial Instruments Business]
  - Nature of the Leveraged Index, etc. or securities relating thereto
  - Matters concerning changes in numerical values of the Leverage Index, etc. or prices of securities relating to such Leverage Index, etc., or prospects thereof

#### (6) Treatment of Professional Investors

Provisions in Article 37 of the FIEA shall not apply to advertising, etc. intended for professional investors. [Article 45, Item (i) of the FIEA]

## 2. Outline of other regulations of the Financial Instruments and Exchange Act

### (1) Other reference materials than prospectus

If any of the documents, drawings, sounds, or other materials than prospectus are used for the purpose of a public offering or secondary placement of securities, it is prohibited for any person to make a false or misleading representation in such materials. [Article 13, Paragraph 5 of the FIEA]

### (2) Other Considerations (Summary of Laws and Regulations)

- (i) Financial Instruments Business Operator, etc. or officers or employee thereof shall not engage in providing a customer with false information in connection with the conclusion of a financial instruments transaction contract or solicitation thereof. [Article 38, item (i) of the FIEA]

- (ii) Financial Instruments Business Operator, etc. or officers or employee thereof shall not engage in providing a customer with a conclusive assessment of a matter that is uncertain or with information that could mislead the customer into believing that such uncertain matter is certain, thereby soliciting the customer to conclude a financial instruments transaction contract. [Article 38, item (ii) of the FIEA]
- (iii) Financial Instruments Business Operator, etc. or officers or employee thereof shall not engage in supplying a customer with a credit rating that has been determined by a person who is engaged in such services but not registered as credit rating agency, without informing the relevant customer of the fact that such person giving the credit rating is not registered under the FIEA and the significance, etc. of such registration, thereby soliciting the customer to conclude a financial instruments transaction contract. [Article 38, item (iii) of the FIEA]
- (iv) Financial Instruments Business Operator, etc. or officers or employee thereof shall not engage in making any false representation or any representation that is likely to cause any misunderstanding on significant matters in connection with the conclusion of or solicitation for, a financial instruments transaction contract. [Article 38, item (ix) of the FIEA and Article 117, Paragraph 1, item (ii) of the Order on Financial Instruments Business]

\* In addition to the above prohibitions imposed on the Financial Instruments Business Operators, etc., it should be noted that the Article 168 (Prohibition on Issuing Public Notice of False Quotations), Article 169 (Restriction on the Receipt of Consideration for Presenting an Opinion in Newspaper), Article 170 (Prohibition on Representing a Purchase as Advantageous), and Article 171 (Prohibition on Representations of Fixed Amount Dividends) of the FIEA provide for generally prohibited acts.

### 3. Necessity of Internal Inspection

The internal inspection by the Full Members as provided for in Article 5 of the Rules (the Full Members as stipulated in Article 6 of the Articles of Incorporation; the same shall apply hereinafter.) shall be performed as follows:

- (1) Even for advertising, etc. that is not subject to an examination pursuant to Article 5, Paragraph 1 of the “Rules for, etc. Display and Provision of Gift, etc.,” if the content of such advertising, etc. falls under the prohibited acts provided in Article 4 of the Rules, it amounts to a violation of the Rules. Therefore, it is necessary for a person who creates the advertising, etc. or a person who uses such advertising, etc. to confirm that the said advertising, etc. does not amount to any violation. In addition, when an inspection is required by the internal rules, it is necessary to comply with such internal regulations.
- (2) If reference materials created for professional investors without examination are used for other persons than professional investors without appropriate screening by a person in charge of advertisement materials, such act shall be a violation of the Rules. (It is not considered to constitute advertising, etc. where provision of information is intended for a single customer when such

information is tailored for the customer.) [Public comment No. 66]

#### 4. Internal Inspection System

The internal inspection as provided in Article 5 of the Rules and the development of the internal control system as provided in Article 6 of the Rules concerned with Full Members shall be performed as follows:

- (1) Person in charge of screening advertisements shall be appointed by each member company in consideration of their organizational structure, business operation, etc. Multiple persons may be appointed in charge of screening advertisements.
- (2) The appointment of person(s) in charge of screening advertisements need not be notified to the Association.
- (3) When a person in charge of screening advertisements examines advertising, etc. made by oneself, it is necessary to establish a system to properly review and control such advertisement, etc. in accordance with “5. Inspection Standards” and “6. Safekeeping of Advertising, etc.” below.

#### 5. Inspection Standards

Advertising, etc. conducted by Full Members must not fall under or be likely to fall under the provisions of Article 4 of the Rules, and the person in charge of screening advertisements must also pay attention to the following matters:

- (1) With regard to advertising, etc. to be prepared by a member company, such inspection shall be made to ascertain that there is no issue in light of Article 4 of the Rules in addition to paying attention to the provisions in the “Part 2. Considerations for Preparing Advertisement, etc. for Investment Trusts.”
- (2) With regard to advertising, etc. where the items to be indicated have been prescribed in advance, such as the term sheet for bond issues and the required items, including issue name, terms, etc. are to be entered in the form, examination of such form may be required without needing to inspect individual advertising, etc. (Inspection of prototypes alone will be sufficient.)
- (3) When any of the materials produced by other companies are used for its own advertising, etc., the content thereof cannot usually be modified. Therefore, in light of Article 4 of the Rules, the inspection shall be made concerning whether or not such materials can be used for the relevant member’s own advertising, etc., after taking necessary measures (such as providing a separate document describing the statutory description items to customers simultaneously with the concerned advertisement) to indicate the statutory description items under the FIEA, which include the company or trade name, the fact that it is a Financial Instruments Business Operator, etc., its registration number, and the name of the industry associations to which the Company belongs (limited to those whose members or a majority of such members are engaged in the Financial Instruments Business). (However, this does not prevent the company from voluntarily listing the membership of other financial instruments business associations than that of the Financial Instruments Firms Associations, indication of which is a statutory description item. [Summary of FSA Comments dated June 5, 2019 and FSA’s Opinion on Comments, Nos. 16, 17])

#### 6. Safekeeping of Advertising, etc.

With regard to the safekeeping system provided for in Article 6 of the Rules, each company shall determine

the period, method, etc. relevant to such safekeeping.

<Reference>

#### Applicability of Advertising, etc.

Subjects of regulation under the Regulations of Advertising, etc. (Article 37 of the FIEA), are those advertising and acts similar to advertising conducted by the Financial Instruments Business Operators, etc. on their financial instruments business. (excluding advertising, etc. to professional investors.)

Therefore, the following are main points in determining whether or not a certain act is subject to the Regulations of Advertising, etc.

- (i) Whether or not the act is regarded as “advertising” or “acts similar to advertising”:
- (ii) Whether or not such act is concerned with the Financial Instruments Business:
- (iii) Whether or not such act is deemed as advertising, etc. or falls under the category of advertising, etc., which is excluded from the application of the restrictions on advertising, etc.

#### 1. Applicability of definition; “Advertisement” or “Act Similar to Advertising”

- (1) “Advertising” in general is intended to inform (including the intention for publicity) the wider public of a certain matter at all times or on a continuing basis, and the following acts are considered to be advertising: [Public comment Nos. 14-16, 46-49]
  - (i) TV commercial and radio commercial
  - (ii) Display of poster
  - (iii) Publication in newspaper or magazine
  - (iv) Online posting
- (2) “Acts Similar to Advertising” are considered to be acts of providing a large number of people with information of identical content by any of the following methods:
  - (i) Mail
  - (ii) Letter delivery service
  - (iii) Facsimile transmission
  - (iv) Electronic mail transmission
  - (v) Provision of leaflets or brochure
  - (vi) Others
- (3) “Provision of information intended for a single customer when such information is tailored for the customer” is not considered as advertising, etc. because such an act is considered to be an act of individual marketing or solicitation. [Public comment No. 66]

#### 2. Whether or not the act is concerned with the Financial Instruments Business:

- (1) “Financial Instruments Business” means the contents of business as provided for in the respective item of Article 2, Paragraph 8 of the FIEA. For example, if the following contents are indicated, it is

generally considered that such indication is made as a means of soliciting for the relevant products. Accordingly, it will be classified as contents of the Financial Instruments Business. [Public comment Nos. 19-21, 29, 34, 53, etc.]

- (i) Names of products relating to Financial Instruments Business (names of investment trusts, etc.)
- (ii) Type of products (investment trust, etc. excluding those that do not refer to specific financial instruments but merely introduce their product line-up.)
- (iii) Means of transaction and names of services
- (iv) List of products and services provided by the relevant Financial Instruments Business Operator, etc.
- (v) Information on the structure of financial instruments
- (vi) Information on the structure, scheme, advantage, and disadvantage of financial instruments transaction

(2) Representation such as the following is not considered to concern Financial Instruments Business.

[Public comment Nos. 29, 33, 36, 37]

- (i) Information that is limited to guidance on tax system or explanation of laws and systems
- (ii) Communication as to relocation of a branch office or something like that
- (iii) Display limited to business hours or hours of operation
- (iv) Expression akin to a catch phrase that does not indicate any outline or details of a financial instrument product, including those texts such as “Stocks, Government Bonds, Public Debentures, Investment Trusts,” “XX Securities Company for Investment Trusts,” or “XX Securities Company for Government Bonds for Individual Investors.”

3. Whether or not such act is deemed as advertising, etc. or falls under the category of advertising, etc., which is excluded from the application of the restrictions on advertising, etc.

(1) The following are legally not considered to be advertising, etc.: [Article 72 of Order on Financial Instruments Business, Public comment Nos. 40-45, 53]

- (i) Distribution of documents prepared in accordance with laws and regulations, or in accordance with the dispositions rendered by administrative agencies under the laws and regulations; (statutory public notice, company public notice, prospectus, foreign securities information, investment report of investment trust, etc.)
- (ii) Distribution of materials on the analysis and appraisal of the respective companies (analyst report) not intended to be used for solicitation for the conclusion of a contract for financial instruments transaction;
- (iii) Provision of gifts or other products (so-called novelty products such as notepads, ballpoint pens, saving boxes, etc.) that indicate all of the following items only:
  - (a) Name, issue, or alias of any of the following:
    - Contract for financial instruments transaction or the types thereof;
    - Securities or the types thereof;



- Invested business or the types thereof; or
- Information equivalent to those listed above;
- (b) Trade name, name, or alias of the financial instruments business operator, etc.;
- (c) The fact to the effect that there is a risk of principal loss or that such loss could exceed the security deposits, etc. (limited to the case where the letters or numerical characters representing such matters are indicated in a size that does not differ substantially from the largest letters or numerical figures used for indicating other matters);
- (d) Notice to the effect that the recipient thereof should comprehensively read pre-contract documents (or prospectus), etc.

(Note 1) Gifts and other products as prescribed in (iii) above shall be limited to those that clearly and accurately indicate the matters listed in (b) through (d) above.

(Note 2) Regarding the provision as prescribed in (iii) above, even if all required matters are not displayed on such gifts or products themselves, it is acceptable if they are provided together with other materials or articles on which such omitted matters are displayed. However, they should indicate only matters concerned with (a) through (d) above.

(2) Restrictions on advertising, etc. are not applied to advertising, etc. intended for professional investors.

#### 4. Others

(1) When a Financial Instruments Business Operator, etc. use an advertisement, etc. prepared by another company as in the following manners, such an advertisement is also deemed to be advertising, etc.:  
[Public comment Nos. 54, 55, 258]

- (i) Act of affixing posters on investment trust created by the investment trust management company or distributing leaflets thereof
- (ii) Act of affixing posters on Japanese government bonds or local government bonds intended for individual investors created by the Ministry of Finance or local governments or distributing leaflets thereof

(2) The following acts are not considered to be advertising, etc. in general. [Public comment No. 53, “Answering the Questions on the Financial Instruments and Exchange Act,” Q6]

- (i) Distribution of press release materials exclusively to the press
- (ii) Act of providing newspapers and magazines (economic magazines, money magazines, quarterly corporate handbook, etc.) themselves.
- (iii) Act of purely providing information by providing materials that contain individual product name but do not contain any wording for direct solicitation, product summary, or details in relation to the relevant product without any intention of soliciting investment into such product.

For example, any of the followings acts that satisfies these requirements:

- (a) Act of sending an invitation solely for the purpose of informing of such seminar or putting

- up posters to that effect;
- (b) Act of sending an information request form (postcard format) to be used by customers or questionnaire to customers;
- (c) Act of distributing disclosure magazines and annual reports;
- (d) Act of providing IR materials, etc. for the purpose of explaining the contents of the financial statements; and others
- \* It should be noted that “List of our Investment Products” cannot be said to be “not for the purpose of inducing purchase of individual products” in general.
- \* With respect to the invitation to a seminar as stipulated in (a) above, where information of identical content is provided to a large number of people such as the Financial Instruments Business conducted by the Financial Instruments Business Operator, etc. and the explanation on individual products or services provided by such Business Operator, etc. in addition to the invitation, such an act is considered to be advertising, etc. Furthermore, where investment solicitation for a financial instruments product is conducted (including a specific product explanation for the purpose of solicitation) at the seminar, it is considered necessary to clearly indicate that the purpose of such a seminar includes solicitation for a financial instrument transaction regardless of whether such an act falls under the category of advertising, etc. [Public Comment No. 25]
- (iv) Act of providing customers with information materials, etc. that contain individual product name but do not contain any wording for direct solicitation, the product summary, or details in relation to the relevant product without any intention of soliciting investment into such product (such as those deemed to be part of after-sales services)
- For example, the following satisfy the provision.
- Act of providing the base value, etc. of an investment trust
  - Act of providing timely disclosure materials (investment reports) prepared by the investment management company as prescribed in Article 18 of the Rules on Investment Reports, etc. Pertaining to Investment Trusts and Investment Corporations by the Investment Trust Association
  - Act of providing reports on economy, exchange rates, etc.
  - Act of providing press release materials and documents to notify customers of the occurrence of any important event (such as delisting, merger, redemption, stock split, or any other corporate action) concerned with their securities.
  - Act of providing statistical data containing only objective facts
- \* In order to be recognized as a part of after-sales services, it is considered necessary that the provision of such after-sales services be limited to the existing investors of the relevant products (in case of publishing on a website, etc., such after-sales service information shall not be published on any page that can be easily accessed by any person other than the holders of the relevant products), that such materials to be provided shall not include any indication, etc. recommending any additional purchase or disposal, and that information or descriptions relating

to other products or transactions shall not be provided as an integral part. Furthermore, it is advisable to add such statements as “this information is provided as part of after-sales service to the customer holding xx (product/issue name)” or “this is for the purpose of providing information on xx and should not be deemed any recommendation thereto.” However, it should be noted that these wordings alone are not sufficient to determine whether the relevant act is a part of after-sales service.

## Part 2. Considerations for Preparing Advertisement, etc. for Investment Trusts, etc.

### I. General Provisions

#### 1. Basic Matters regarding Representation

When advertisement, etc. is displayed, the requirements described in the Part 1. Summary of Laws and Regulations; 1. Definitions of Advertising, etc. of the Guidelines must be satisfied. In addition, the following matters and the provisions described in Paragraphs 2 through 15 shall be taken into account:

- (i) Whether or not the matters to be indicated as stipulated in the FIEA are clearly and accurately indicated.
- (ii) Whether or not there is any misleading representation that could give rise to a customer's misunderstanding that the commissions, fees, other payments, or expenses payable by the customer are free or substantially less than the actual amount.
- (iii) With regard to any of the matters to be indicated as stipulated in the FIEA, whether or not such matters are indicated in advertising, etc. in a manner to make them unjustly difficult to notice in terms of the font size, font, and color in terms of the characters used.
- (iv) In the event that there is a risk of loss arising directly from the fluctuations in indicators related to interest rates, market, etc., whether or not the index concerned, the fact that a loss could be incurred, the reasons therefor, and other matters concerning risk are indicated in a size not substantially different from the largest letters or numerical figures used for the advertisement, etc.
- (v) Whether or not only the advantages of the contract are emphasized while making the indication concerning the disadvantages thereof conspicuously less visible.
- (vi) When advertising, etc. is made on the image screen, whether or not there is a sufficient display time secured to read all required matters as stipulated in the FIEA.

\* When displaying advertising, etc., it should be noted to make it easy to understand by using graphs, drawings, plain words, etc. as much as possible, so as not to cause investors any misunderstanding. Especially with regard to matters related to risks and expenses, attention should be paid to making them clear and easy-to-understand in addition to their layout, font size, color scheme, etc.

#### 2. Considerations regarding Misleading Advertisement, etc.

##### (1) Considerations

When advertising, etc. is displayed, it is necessary to pay attention to the following items so as to avoid misleading advertisement.

- (i) Whether or not the advertisement makes definitive predictions on the future movements of the prices and other numerical features of securities and other financial instruments as well as rewards to be received; whether or not such advertisement unduly stimulates customers' investment appetites by using descriptions that could lead them to erroneously believe that profits are guaranteed.
- (ii) Whether or not there is any representation to indicate the yield guarantee or compensation for a loss in whole or in part, or mislead investors into believing that such guarantee for yield or

compensation is available.

- (iii) When any expression such as “select” is used for describing an issue, whether or not such expression is used to mislead investors into believing that such issue is significantly superior to other securities or issues. \*
- (iv) When an offering period, the number of applicants, etc. are not limited, whether or not there is any indication that may mislead investors into believing that such limitation exists.
- (e) Whether or not there is any representation to mislead investors into believing that the Prime Minister, the Commissioner of the Financial Services Agency, or any other public agency has recommended the Financial Instruments Business Operator, etc. or guaranteed the contents of advertising, etc. by indicating such Operator is legally registered.
- (vi) Whether or not the relevant indication is in violation or likely to be in violation of the prefectural ordinances and other laws and regulations pursuant to the Act Against Unjustifiable Premiums and Misleading Representations and the Outdoor Advertisement Act.
- (vii) Whether or not the advertisement is so marked as to attract public criticism as excessive advertising.

\*For REIT and infrastructure fund, refer to the corresponding sections of “III. ETF (Exchange Traded Fund), REIT (Real Estate Investment Trust) and Infrastructure Fund, 7. Considerations regarding REIT and Infrastructure Fund” when using the expression such as “Select Issues” and so on.

## (2) Comparative Advertising

When a Full Member makes a comparison with other Full Member(s) with respect to their fees, or actual performance of financial instruments products (so-called comparative advertisement; this does not include a list of one’s product line-up.), such comparison must satisfy all of the following requirements from (i) through (iii) regardless of the concerned advertising medium, size of such advertisement, or other factors. For example, it should be noted that if all of the requirements in (i) through (iii) are not met while claiming “the lowest level in the industry” or “our commission is the lowest,” or if any of the representations made is false, such an advertisement shall be regarded as a Misleading Advertisement. Furthermore, in the case of comparative advertisement, it is necessary to pay attention to clearly specifying the scope of comparison, selection criteria, etc. in order to avoid any misunderstanding by investors.

- (i) The contents claimed in the comparative advertisement have been objectively verified.

For example, the following may not be deemed to be objectively verified:

- To display
  - and compare figures based on theoretical (imaginary) calculation as if they were actual or definitive figures.
- To present and compare the actual operating performance, etc. of other company’s products as if such performance, etc. were its own.

- To present and compare the ratings and evaluation by a very small number of customers (including the survey results) as if they were general (majority) opinions.
- (ii) Accurate and proper reference of verified figures and facts.
- For example, the following may not be considered an accurate and appropriate reference:
- To present and compare investment performance, commission rates, etc. in an arbitrary manner without sufficient investigation despite the existence of products with better investment performance or more favorable commission rates.
  - To present and compare results or findings based on specific conditions as if they were applicable under all conditions.
  - To present and compare actual figures relevant to a very limited period of time or results extracted from a very small number of samples.
  - To present and compare matters which differ from the actual facts at present even if such matters were accurate and proper at the specified time of the investigation.
- \* It is considered desirable to check the underlying data to confirm that the figures are accurately and properly quoted in the inspection of the comparative advertisement and to keep records thereof as appropriate.

(iii) The method of comparison shall be fair.

For example, the following may not be considered a fair comparison:

- To compare two different types of things (for example, management performance of investment trusts which have different product attributes such as investment policies, investment assets, etc.) without any reasonable grounds and present one's own products superior.
- For example, to present and compare ratings or subjectively selected assessment that are provided by oneself or those commissioned by such person (e.g., affiliate, listing operator, advertising agencies, etc.) in a review site, affiliate site, listing advertisement, etc., as if they were objective assessment by third parties.
- To place one's own advertisements on a comparative website, knowing that such a website subjects its ranking according to the amount of fees received from an advertiser.

\* See also Section "14. Advertising, etc. on the Internet," (6) and (7)

(\*) Refer to "Interpretation of Act Against Unjustifiable Premiums and Misleading Presentations Regarding Comparative Advertising" (April 21, 1987, Fair Trade Commission).

### 3. Matters Regarding Public Offering or Secondary Placement

#### (1) Prohibition of solicitation before submission of securities registration statements

Under the provisions of Article 4, Paragraph 1 of the FIEA, with respect to solicitation for a public offering or secondary placement of securities to which the provisions of Chapter II Disclosure of Corporate Affairs of the FIEA are applicable, except for cases specified by the Cabinet Order or for a secondary placement of foreign securities, solicitation for investment or any other act similar thereto shall not be conducted unless the issuer has submitted the securities registration statements regarding

such public offering or secondary placement to the Prime Minister.

(2) Reference materials, etc. to be delivered to customers

(i) Delivery of prospectus

After submitting the securities registration statements, a Full Member may make solicitation for a public offering or secondary placement by using a prospectus or a provisional prospectus produced by the issuer of the concerned securities. In addition, in case of soliciting the investor to acquire the securities through such offering or secondary placement, the prospectus shall be delivered to the investors concerned in advance or at the same time of solicitation.

The use of a prospectus is classified as the “distribution of documents prepared pursuant to the laws and regulations” and therefore, does not fall under the category of advertising, etc. [Article 72, Item (i) of the Order on Financial Instruments Business, Public Comment No. 53]

(ii) Preparation and delivery of marketing materials (other materials than the prospectus)

As a result of the revision of the Securities and Exchange Law in December 2004, the definition of prospectus was reviewed. Consequently, the “summary prospectus”, which summarizes the contents of the prospectus, and so-called “tombstone advertisement” for informing investors of the place where the prospectus is to be delivered and other matters, are classified as documents, drawings, sound or other materials (marketing materials \*) rather than the prospectus, and are subject to the regulations which prohibit any false or misleading representation when such materials are used. (Article 13; Paragraph 5 of the Act)

\* Legal positions, etc. of marketing materials

- Marketing materials are considered to be “documents, drawings, sound, and other materials than the prospectus” as stipulated in Article 13, Paragraph 5 of the FIEA.

Marketing materials may be used before the delivery of the prospectus.

- The act of providing information of the identical contents to a large number of persons using marketing materials is considered to be advertising, etc. [Public comment No. 18]

Since marketing materials (other materials than the prospectus) must not contain any false or misleading representation, it is necessary to comprehensively examine the whole of such representation and make sure not to lack investor protection in light of the following points, among others:

- (a) Any inconsistency between the representation of such documents and those of the prospectus;
- (b) Any inconsistency concerned with the underlying assumptions between the representations of such documents (e.g., analysis) and those of the prospectus;
- (c) Where any assumption used for the representation of such documents (e.g., analysis) is not clearly indicated or such assumption is unreasonable;
- (d) Where any representation of such documents is arbitrarily distorted;
- (e) Where the process leading to the representation of such documents is arbitrarily distorted;
- (f) When any significant matter is not stated in such documents while emphasizing only the

advantageous points; etc.

Whether or not any of the above items is applicable to the marketing materials (materials other than the prospectus) to be provided at the time of individual solicitation shall be determined individually and specifically according to the nature of such materials. However, it is considered highly probable that such materials constitute a false or misleading representation if any of the above items (a) through (f) is applicable.

#### 4. Representation of Significant Matters under the Act on Provision of Financial Services

A Full Member shall refer to the “Guidelines on Accountability of Investment Trust Management Company pursuant to the Financial Instruments Sales Act” stipulated by the Association, as well as the Act on Provision of Financial Services (Act No. 101 of 2000; hereinafter referred to as the “Financial Service Provision Act”) and the Enforcement Order thereof, when describing in advertising, etc. any of the Significant Matters as provided for in the Financial Service Provision Act.

#### 5. Tax Indication

- (1) In connection with the purchase, sale, or other transactions of investment trusts, etc., it is desirable to indicate the method of taxation on distributions, profit, or loss on transfer, etc.
- (2) In connection with the purchase, sale, or other transactions of investment trusts, etc., there shall be no representation that implies or is liable to be misunderstood to be implying, exemption from taxation on distributions, profit or loss on transfer, or inheritance tax, gift tax, etc.

#### 6. Obligation to Display Total Price with Tax pursuant to Consumption Tax Law

When prices of products and services are indicated in advertising, etc., it is obligatory to display the total price with tax (display of price including the total amount of consumption tax and local consumption tax).  
[Article 63 of Consumption Tax Law]

\* As a result of the change in the consumption tax rate, during the period up to March 31, 2021, there was a special provision in the Consumption Tax Law that enabled the prices excluding taxes to be displayed on the premise that necessary measures are taken in order to prevent any misunderstanding that the prices displayed are inclusive of taxes. However, it should be noted that such special provision has not been applied since April 1, 2021, and the total amount is required to be displayed.

##### (1) Example of displaying total price with tax (Tax rate at 10%)

- 11,000 yen
- 11,000 yen (including tax)
- 11,000 yen (10,000 yen excluding tax)
- 11,000 yen (including 1,000 yen as tax)
- 11,000 yen (10,000 yen excluding tax, 1,000 yen as tax)
- 10,000 yen (11,000 yen including tax)



- (2) Display example of base value and commission rates subject to the obligation to display total price with tax

When indicating a base value of product or services, commission rates, etc., the obligations to display the total price with tax include any price display that is practically indicating a price, although such price does not represent the final transaction price itself (e.g., sales commissions rate and trust fees concerned with investment trust investment).

[Examples of displaying commission rates at public offering and trust fees] (Tax rate at 10%)

1.10% (Including tax)

1.10% (1.00% before tax)

1.10% (including 0.10% as tax)

1.10% (1.00% before tax, 0.10% as tax)

1% fee rate per annum plus consumption tax and local consumption tax, resulting in the total rate of 1.10% per annum

#### 7. Display of Catch Phrase

If the contents of display do not include any description of product outline or details but are limited to a so-called catch-all phrase such as “XX Company for Specified Account” together with the company name, its address, and contact details, such display is not necessarily described as an unmistakable solicitation for any individual financial product, and therefore, not considered to be classified as advertising, etc. However, it is necessary to note not to use any arbitrary or excessively subjective expression that may cause misunderstanding by investors, such as exaggerating only certain parts of the product characteristics or extracting a limited part of the actual investment performance concerned with the relevant investment trust.

[Public comment No. 33]

#### 8. Reproduction of copies of articles, illustrations of a likeness, statistical data, and others

- (1) Unauthorized reproduction of any newspaper and magazine articles, etc. are prohibited.

(Note) When any of these articles, etc. are used, the consent of the copyright holder shall be required, except in cases where the use of such articles, etc. by quote is permitted under the Copyright Act.

(Reference)

In order for any quote to be permitted without the consent of the copyright holder pursuant to the Copyright Act, the work must be quoted consistent with fair practices and within a scope that is justified for the purpose of news reporting, critique, study, or other place in which the work is quoted. (Article 32, Paragraph 1 of the Copyright Act). In order to correspond to the definition of “quote” in the same Article, it is interpreted necessary to satisfy the following requirements: (i) the materials, etc. to be quoted have already been published; (ii) the “master-servant relationship” between the quoted part and the other part can be clearly identified; (iii) the “quoted part” can be easily distinguished from the other part by the use of parentheses, etc.; and (iv) such quote must not appear to injure the personal rights of the author. Furthermore, quotes

of works pursuant to the Article must clearly indicate their source of origin (Article 48 of the Copyright Act), and in some cases, it is necessary to specify the author's name of the work quoted, the name of the publication in which the quoted work is originally published, and location of such quotation (such as the page numbers).

- (2) The considerations discussed in the section above shall apply to cartoons and illustrations among others.
- (3) When an article, etc. contain a photograph of an individual or information that can identify an individual, it is necessary to take appropriate actions from the viewpoint of protecting portrait rights and personal information of the concerned.
- (4) When statistical materials and others produced by any national or local government agency, incorporated administrative agency, or local incorporated administrative agency for the purpose of making them known to the public are used as explanatory materials in the member's own publication or other advertising, etc., such materials may be reproduced by specifying their source thereof.

Statistical materials, etc. produced by a person other than national or local government agencies, incorporated administrative agencies, or local incorporated administrative agencies shall be treated in the same manner as described in items (1) through (3) above.

#### 9. Tie-up Articles, etc.

When an article, opinion, etc. is published by a third party based on a tie-up arrangement with such third-party media (e.g., TV, radio, newspaper, magazine) or an Internet site, etc. operated by another company, organization, or person (regardless of whether or not any consideration is paid or received), it is necessary to pay attention to the following points:

- (1) Whether or not such article or opinion falls under the category of advertising, etc. concerned with the Financial Instruments Business.

Based on the fact that persons who have not been registered with the Prime Minister shall not engage in the Financial Instruments Business, it is essential to examine whether or not such article or opinion constitutes advertisements, etc. concerned with the Financial Instruments Business, and if confirmed as advertising, etc. for our Full Member regarding their Financial Instruments Business as a result of such examination, the Required Representations for such advertisement as provided for in laws and regulations, etc. shall be indicated.

- (2) Whether or not the contents of the article, etc. are correct and proper.

Where a tie-up article or the like is deemed to be advertising, etc. concerning the Financial Instruments Business, it is imperative to confirm that the contents of such article are correct and proper in light of "Part 2. Considerations for Preparing Advertisement, etc. for Investment Trusts; I. General Provisions." When the contents of such article, etc. are found to be inappropriate after publication, it is necessary for the member concerned to take necessary actions, such as requesting correction or deletion thereof.

#### 10. IR Materials

- (1) When the IR materials (including videos and explanatory images) prepared by a listed company other

than Full Members are posted on a Full Member's home page, etc. as an independent page for other purpose than solicitation for a financial instruments transaction (securities transaction, etc.), such publication is not considered to be advertising, etc. In such a case, in order to prevent any arbitrary provision of information that may be judged, in effect, to be a recommendation of a specific issue, criteria and policy shall be established in advance with regard to the selection method of the companies and the type of materials to be published, and then such selection and publication shall be made in accordance with the criteria and policy established. Moreover, in order to prevent investors from regarding them mistakenly as advertising, etc. by a Full Member, the following measures may be taken.

(i) When publishing the relevant materials on the homepage of a Full Member, it is recommended to put the title such as "Company IR Corner" etc. and make such a page independent from the Full Member's own homepage by developing a separate window where viewers reach by clicking the banner advertisement or tab, etc.

(ii) The explanatory text as to the following matters shall be included in an eminent manner.

- The published materials were produced by the company for the benefit of investors and not by the member company. (or materials produced by such company for the purpose of their IR activities).
- The purpose of publication is to provide information and not to solicit investment in the securities.
- Member company does not warrant the accuracy of their content.
- Information provided may change without notice in future or may not be up-to-date.

(iii) Statements such as the following shall not be made on the concerned pages.

- Description to encourage investment ("Time to buy now," "Recommended issue," "Select issue," etc.)
- Any description that may influence the investment decision by investors (such as "Undervalued company," "Company with earnings upgrade trend," "Peak profit company," etc.)
- Stock price and dividend yield of the relevant company; rating, opinions, underwriting experiences, and other comments by a Full Member concerned with the relevant company.

(iv) It should be noted that the placement order of those IR materials on the relevant page should be based on a random or objective standard according to, e.g., a Japanese alphabetical order of company names, order of company code numbers, or date of production or publication of such IR materials.

(2) When IR materials (including videos and explanatory images) prepared by a listed company, etc. other than Full Members are published on such Full Member's website, etc. for the purpose of soliciting the conclusion of a financial instruments transaction contract (securities transactions), such publication is considered to be advertising, etc. In such a case, the following points should be noted:

(i) The area for advertising, etc. including the IR materials shall be clearly defined, and in such area, the investment company shall place eminently explanatory description to the effect that this area is for the purpose of publishing IR materials of the issuer companies for the purpose of xx (text such as "reference information for your investment decision").

(ii) The section prepared by the issuer company and one written by a Full Member shall be clearly distinguishable.

(iii) The statutory description items concerning advertising, etc. under the FIEA (investment risk,

commission rates, etc. in relation to investment in stocks or bonds) shall be specified in the said area.

- (iv) Although investment recommendation, etc. may be included, the Considerations regarding advertising, etc. for share investments etc. as stipulated in the “Guidelines for Advertising, etc.” shall be observed.

#### 11. Opinions, etc. of Third Parties

In advertising, etc. conducted by a Full Member, when a third party has expressed an opinion relevant to an investment decision and such third party has been paid or is promised to be paid for his/her opinion, such fact shall be disclosed in accordance with the provisions of Article 169 of the FIEA. Provided that, however, such third party displays such opinion as an “advertisement” in exchange for the advertising fee (in the event that such content is clearly viewed as advertisement at a glance), such disclosure is considered unnecessary.

#### 12. Advertising, etc. for Professional Investors

When the recipient of advertising, etc. is limited to professional investors, the advertising restrictions of the FIEA do not apply, and therefore, there is no obligation to inspect advertising under the Rules. However, it is necessary to ascertain that no false or misleading representation concerning the significant matters are made and that laws and regulations are properly complied with.

#### 13. Precaution for Preventing Misidentification with Deposits, etc.

In advertising, etc. related to the sale of investment trusts, etc. to be made by a Full Member company who also engages in deposit-taking business, it is desirable to include a warning to prevent any misidentification of such investment product with deposit.

#### 14. Notice on Financial Instruments Intermediary Service Provider

Concerning the advertising, etc. related to sales of investment trusts, etc. by a financial instrument intermediary service provider, it is desirable to indicate that such Financial Instrument Intermediary Service Provider is to handle the sales.

#### 15. Advertising, etc. on the Internet

- (1) Any excessively subjective expression that may cause misunderstanding by investors shall not be made for any “Banner Advertisement” or “Text Advertisement” on websites or any advertisement utilizing limited space such as in Twitter (hereinafter collectively referred to as “Banner Advertisement, etc. ”).

\* In order to avoid any excessively subjective indication that may cause misunderstanding by investors, in the Banner Advertisement, etc. for complicated investment trusts similar to over-the-counter derivatives transactions (e.g., investment trusts whose principal is secured only under certain conditions) where it is prohibited to use representation such as “(conditional) principal-secured type,” wording like “principal-secured type” shall not be used even as a catch phrase, etc. When the indication like “principal-secured type” is presented in the detailed

explanation on the linked page, the definition of and conditions for the principal security may be described in an easily understandable manner, and the risk of failure to satisfy such conditions may be clearly explained in such a page.

(2) In case of conducting Banner Advertisement, etc. for an individual product or describing the individual product on Twitter, if Required Representations as stipulated by laws and regulations (hereinafter referred to as the “Required Representation” in Article 14 below) are displayed on a separate page that is recognized by the customers to be integral to the page where the relevant advertisement is placed, it is considered to have complied with the regulations on advertising, etc. Incidentally, it is considered that the unity will be recognized from the customers’ perspective if such customers can easily move from the Banner Advertisement, etc. to another page on which the Required Representations are displayed. However, it is highly unlikely that the unity is recognized by the customers for those that require many clicks to transition to another page on which the Required Representations are displayed or for those that require a long scroll down to reach the section in another page where such Required Representations are displayed. When a video (limited to the one with the identical content as a television commercial, etc.) is displayed on the website, corresponding measures to those applicable for a television commercial shall be taken. However, when another video, explanatory materials, or Banner Advertisement, etc. are to be displayed one after another in turn, it is necessary to display the Required Representation for each display or to display them on a separate but integral location as described above.

[Public comment Nos. 93-95]

(3) If, on a member company’s website, (i) the list of products and services is displayed on the first page; (ii) various products or services are displayed; and (iii) the contents of individual products and services are displayed at the end, and the contents of such individual products and services are displayed, when the contents of individual products and services as described in (iii) are displayed with the “fees, etc.” or “risk warning” that are statutory description items on the pages for the contents of individual products and services, then such display on such website is considered to be basically in compliance with the restrictions on advertising, etc. [Public comment No. 95]

When only a part of the product attributes (yield, investment benefits, etc.) of an individual product is displayed in addition to its product name by using the product logo, other captions, diagrams, or pictures on the Full Member’s website, it is possible to display Required Representation in a prominent place of the same page (including in the form of electronic files such as PDF) in order to inform the customers of their integrity with the relevant product, or to create a link or tag with explanation such as “Details are here” or “Explanation about risk” in a prominent place so that users can easily reach the page where such Required Representations are displayed. Therefore, such a response is generally considered to comply with the restrictions on advertising, etc. It is necessary to pay attention to the size of letters with respect to risk warning text.

(4) In the event that materials prepared by another company that do not contain any statutory description

items or Required Representations (e.g., place of prospectus to be delivered) are published on our member company's website as the member's own advertising, etc. (including the case where the member company's website has a link to the materials posted on another company's websites so as to make them available for perusal), it may be recommended to display such statutory description items or Required Representations on the same page containing the relevant advertising, etc. (page of the member company where such link is pasted) so as to clarify their integrity for customers. Accordingly, such a response is generally considered to comply with the restrictions on advertising, etc. and the Guidelines. [Public comment Nos. 94, 95]

(5) When the contents of the financial instruments business are indicated on social media (\*) like details of a specific product, such indication is considered to be equivalent to advertising, etc. In this case, refer to (2) above as to how to present the Required Representation. In addition, although comments made by third parties such as retweets and follows are generally not considered to be advertisements, etc. made by a Full Member, if such comments are recognized to be a part of representation made by such Full Member, they may fall into the classification of advertising, etc. by the relevant Full Member. [Public comment Nos. 15, 16]

\* In the Guidelines, "social media" means SNS (social network service) such as Facebook and Mixi, and Twitter.

(6) Affiliate advertisement (\*) is not made by Financial Instruments Business Operators, etc. themselves and in principle is not considered to be advertising, etc. as defined by the FIEA. However, in order to prevent inappropriate affiliate advertising relating to Financial Instruments Business Operators, etc. themselves or their products and services from being placed, due consideration should be paid to the matters set forth in (i) or (ii) below respectively.

\* In the Guidelines, the term "affiliate advertisement" means that a blog or website operator (hereinafter referred to as "Affiliate") other than Full Members as advertiser (hereinafter referred to as the "Full Member" in the paragraph (6)) publishes on their sites Banner Advertisement, etc. of products or services provided by such Full Member, where the success fee pursuant to the predetermined terms and conditions is paid to such Affiliate by the Full Member in the event that viewers of the site click such Banner Advertisement, and access the website of the Full Member via the Banner Advertisement to purchase or make a purchase application for their product or services. However, when an advertising distribution network (hereinafter referred to as "Network") is formed by an advertisement distribution agency by assembling multiple websites serving as advertising media, this shall not apply to Internet advertising in which Banner Advertisement, etc. selected from those received from the advertisers by the Network program are placed in the vacant space (advertising space) of the relevant websites of the Network members.

(i) Case where a Full Member concludes a contract directly with an Affiliate (Direct contract)

When a Full Member conducts an affiliate advertisement after concluding a contract directly with an Affiliate (including the case where a fee is paid for an affiliate advertisement containing a

product ranking, etc. in accordance with the contents of such advertisement), such advertisement shall be handled as follows as being similar to one's own advertising, etc.:

- (a) Prior to the publication of any affiliate advertisement, a Full Member shall take appropriate measures such as conducting the same examination applicable to advertising, etc. produced by the member company themselves, concerned with the contents of website on which such member places their Banner Advertisement, etc. (hereinafter referred to as "Contents").
- (b) At the time of examining such Contents, if any Content is judged to be "inappropriate" in light of their own examination standards, the Full Member shall request the Affiliate to amend or delete such inappropriate Content. If any improvement is not made thereafter, the Full Member shall take appropriate actions including terminating the contract with such Affiliate.
- (c) To develop a link to a landing page by clicking the company's Banner Advertisement, etc. pasted on the affiliate advertisement page, and on such landing page, it should be clearly stated to the effect that "the website you are viewing has not been created by our Company" and that "impressions and comments posted on this page are those of the author and not of our Company." On this occasion, it is necessary to ascertain that such warning is clearly described and placed at an eminent position where it is easy for investors to find.
- (d) Endeavor to indicate the Required Representation (such as summary of Financial Instruments Business Operator, etc. and risk items) as provided for in the FIEA. In this case, the Required Representation may be published on a landing page linked to the Banner Advertisement, etc.

In the event that a Financial Instruments Business Operator, etc. is deemed to be practically engaged in Affiliate advertising, for example, by giving specific instructions to an Affiliate regarding the content of such advertisement, such affiliate advertising may be regarded as the "Operator's own advertising, etc. (commission of advertisement production)". For this reason, what may be recognized as "Operator's own advertising, etc." shall be subject to the same inspection applicable to other advertising, etc. in accordance with the procedures and standards established by the member company.

- (ii) Case where a Full Member concludes a contract with an Affiliate through ASP (Indirect contract)

When a Full Member conducts an affiliate advertisement through an affiliate service provider (hereinafter referred to as "ASP") (where a separate contract is entered into between a Full Member and ASP, and between ASP and an Affiliate), the following actions may be taken.

- (a) With regard to the Contents subject to remuneration payment from a Full Member to ASP (regardless of whether or not any remuneration to be actually paid from the ASP to an Affiliate; the same shall apply hereinafter), such Contents shall be reviewed after the event at the time of such remuneration payment.

If Contents can be checked before the placement of the affiliate advertisement, such Contents may be checked in advance.

- (b) When any Content is recognized as inappropriate at the time of checking, a Full Member shall promptly request an Affiliate directly or via ASP to modify or delete such inappropriate Content. If any improvement is not made after the request, the member company shall take appropriate

actions that include requesting the ASP to terminate their contract with such Affiliate (\*).

\* Termination of a contract means that a contract between the ASP and the Affiliate be terminated, or that the ASP prohibits such Affiliate from posting Banner Advertisement, etc. provided by the Full Member.

(c) To develop a link to a landing page by clicking the company's Banner Advertisement, etc. pasted on the affiliate advertisement page, and on such landing page, it should be clearly stated to the effect that "the website you are viewing has not been created by our Company" and that "impressions and comments posted on this page are those of the author and not of our Company." On this occasion, it is necessary to ascertain that such warning is clearly described and placed at an eminent position where it is easy for investors to find.

(d) Endeavor to indicate the summary of Financial Instruments Business Operator, etc. and risk items on the landing page that is linked to the Banner Advertisement, etc.

(Note) For the practical treatment of affiliate advertising, refer to the "Q&A on Affiliate Advertising" by the Japan Securities Dealers Association.

(7) In the event that a Full Member posts or causes a third party (including employees of such Full Member and their families) to post any "review (Kuchikomi)" information on any "review (Kuchikomi)" site regardless of whether or not the Full Member bears any advertising expenses or pays rewards, the Full Member should bear in mind that any display of such "review" information may be deemed to be their advertising, etc. Such review site includes any site on the Internet that publishes so-called "reviews" such as reputation or rumors relating to specific companies, their products and services, etc., including those intended for the exchange of the reviews, those developed by companies themselves intended to provide review information on their products and services, and blogs written by individuals among others. When such review information is regarded as advertising, etc., it is necessary to add the Required Representation, as well as to comply with the provisions discussed in Part 2. Considerations for Preparing Advertisement, etc. for Investment Trusts; I. General Provision).

\* This does not include acts of employees or their families, etc. of a Full Member who conduct such act privately without receiving any instruction or request to the effect from the Full Member. However, based on the fact that it is prohibited for an individual employee to make any advertising, etc. on the financial instruments business conducted by a Full Member without examination by the person in charge of advertisement (as defined as Person in charge of screening advertisements pursuant to Article 5 of the "Rules for Display of Advertisement, etc. and Gifts"), it is necessary to provide its employees with proper education, etc. and to take actions such as having the inappropriate display deleted or corrected if any inappropriate display is identified.

Moreover, it should be noted that not only websites on the Internet but also publications or documents containing similar "review" information, even if they are processed or edited in part, may be regarded as advertising, etc. by the Full Member.

For example, the following indications may be considered to be advertising, etc. by the Full Member when made by themselves or by a third party at their request (whether or not any expense



or reward for such “review” is paid).

- Any indication that is considered to give a favorable rating on the value of such Full Member’s products, etc.

(“XX of YY (name of such Full Member) is an attractive product to invest in emerging country ZZ,” etc.)

- Any indication that is considered to induce purchase, sale, or any other transaction concerned with such Full Member’s products, etc.

(“You must buy XX of YY Company.,” etc.)

- Any representation that may be mistaken as a rating made by a third party with respect to the products or services provided by such Full Member;

(“No. 1 ranking in the ease of its use for transaction screen: YY Company!”, etc.)

As described above, it is also important to note that, in addition to the act of a Full Member granting high ratings on their own products, etc., any act of causing low evaluation information on such Full Member themselves or their products, etc. to be deleted or act of assigning low evaluation to another Full Member or their products, may be regarded as a misleading advertisement and violate laws and regulations subject to its substance as the act of so-called stealth marketing.

(Note) Refer to the “Issues and Considerations regarding the Act on Unjustifiable Premiums and Misleading Representations in relation to Consumer Transactions on Internet” (partially Revised on May 9, 2012; Consumer Affairs Agency).

#### 16. Considerations for Advertising, etc. on NISA Accounts

When preparing advertising, etc. for general NISA accounts, junior NISA accounts, and NISA saving accounts, it is necessary to describe consideration matters(\*), etc. based on the system design and objectives of each account in an easy-to-understand manner so as not to cause customers any misunderstanding.

\* Refer to the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.; IV-3-1-2 (8) Considerations regarding Solicitation for Transactions Utilizing NISA; (i) Development of system for providing explanations to customers; (b) Explanation on NISA system.

Incidentally, brochures, etc. that describe only the details of NISA system such as “NISA Guide on Tax” and “NISA Guide on Laws and Systems” do not correspond to the contents of financial instruments business and therefore, are not regarded to be advertising, etc.

(Note 1) In these Guidelines, Nippon individual savings account for adults (General NISA), Nippon individual savings account for minors (Junior NISA), and Nippon individual savings account specially designed for installment investment by adults (Saving or Tsumitate NISA) are collectively referred to as the “NISA System.”

(Note 2) In these Guidelines, the account for General NISA (General NISA account), the account for Junior

NISA (Junior NISA account), and the account for Saving NISA (Saving NISA account) are collectively referred to as “NISA accounts.”

## II. Investment Trusts, etc.

### 1. Consideration in Preparing Marketing Materials

#### (1) Required Representations

In making advertising, etc. for an investment trust, etc., the following items shall always be stated:  
With regard to private placement of investment trusts, each member company shall refer to the provisions of this section “II. Investment Trusts, etc.” in their handling.

##### (i) Statutory description items

(a) With regard to fees, etc. among the statutory description items, in addition to purchase or redemption fees (including switching fees), following should be described (hereinafter collectively referred to as the "Fees, etc."):

- Operation and administration expenses (trust fees)
- Amount retained in trust property
- Other expenses and fees

When listing Fees, etc. for fund of funds, it is considered necessary to also state Fees, etc. required for investing in the subject funds (the maximum amount of Fees, etc. payable or summary of the calculation method thereof may be indicated), and to have the customers understand the actual expenses to be borne by them in an easy-to-understand manner.

\* With regard to the description of Fees, etc. in the list of multiple investment trust product names without detailed explanations of individual products (those based on which investment decisions cannot be made), it is considered appropriate to state to the effect that “for the products in the list, you may be charged the Fees, etc. including investment or liquidation fees (maximum X.X%), and management and administration expenses (trust fees, etc.) as set forth for each product.” [Public comment No. 155]

(b) With regard to losses due to fluctuations in the relevant index among the

statutory description items, following should be included. - Text on price fluctuation risk

- In case of investment trusts denominated in foreign currencies, text on exchange rate risk

\* With regard to price fluctuations, price fluctuation factors of invested assets (shares, yen-denominated public and corporate bonds, etc.) relevant to the concerned investment trust shall be specifically indicated.

\* With regard to the description of risk warning in the list of multiple investment trust product names without detailed explanations of individual products (those based on which investment decisions cannot be made), it is considered appropriate to state to the effect that “the products in the guide may cause you loss due to fluctuations in prices, etc. ”

\* In the case of investment trusts with currency selection, even if it is denominated in yen, it is necessary to indicate the exchange rate risk. (The same shall apply not only for the investment

trusts with currency selection, but also for those whose main investment targets are assets denominated in foreign currency where the exchange rate fluctuations have a possibly direct effect on the base value of the relevant investment fund.)

- (c) With regard to the "statement that there is a risk of diversion between the rate of change of such Leveraged Index and the rate obtained by multiplying the rate of change of the Original Index by a certain ratio and the reasons therefor" among the statutory description items pertaining to the acts of financial instruments transaction in relation to the Leveraged Index, etc., it is advisable to state such matters in an easy-to-understand manner by using charts or the like as necessary; for example, when stating that "during a period of two or more business days, the rate of increase or decrease of the Leveraged Index does not generally correspond to the certain factor of the rate of increase or decrease of the Original Index for the same period. If such situation continues for a long period of time, the expected investment return may not be achieved. "

In addition, with regard to the "statement that investment in securities related to such Leveraged Index, may not conform to the medium-to-long term investment objectives and the reasons therefor", it is conceivable to state, for example; "for the reasons described above, such investment may not be suitable for long-term investment as it is designed for capturing return by the movements of market prices in a relatively short period of time".

- (ii) Name of the investment trust
- (iii) Method and place of obtaining the prospectus
- (iv) Principal party of preparing such marketing materials and the statement to the effect that "when applying for an investment, please make sure to read the prospectus to be delivered and make your own decision."
- (v) If a closed period is established for the relevant investment trust, the statement to the effect that "during the closed period, liquidation of your investment shall not be allowed."
- (vi) If there are any other restrictions applicable for investment or liquidation, statement to that effect.

(2) Matters desirable to be indicated

- (i) Outline of fund
- (ii) Matters regarding the offer
- (iii) Matters regarding redemption
- (iv) Matters related to cancellation (buy-back) (date of redemption, application procedures, etc. for cancellation (buy-back))
- (v) Matters related to taxation

(3) Specific Considerations

Specific considerations when making advertising, etc. investment trusts, etc. are as follows:

- (i) Indicating method and place of obtaining the prospectus

Even if there are multiple parties to provide the prospectus, it is not necessary to indicate the

company names, etc. of all parties. Company name, etc. of only a single party is required.

In this case, it is possible to indicate such information as “Contact XX company for prospectus” or “Company xx for any inquiry.”

(ii) Evaluation by third party

When presenting an evaluation of such investment trust, etc. made by a third-party organization such as a rating agency and others, the name of such organization and the date for evaluation shall be stated, together with a statement to the effect that “such evaluation is based on an analysis of past performance over a certain period of time and does not guarantee any future performance or else.”

(iii) Reference to report by a third-party organization, etc.

(a) When preparing a document quoting an evaluation, analysis, comment, or others on the relevant investment trust, etc. produced by a third-party organization as marketing materials, the name of such organization, the production date of such document, and subject period over which the relevant evaluation, etc. was made shall be stated, together with the statement to the effect that “such evaluation, etc. do not guarantee any future performance, etc.”.

(b) In the case of using, as marketing materials, a document and others containing the evaluation, analysis, etc. concerned with the relevant investment trust, etc. prepared by a third-party organization, an indication shall be made to the effect that “such evaluation is based on an analysis of past performance over a certain period of time and does not guarantee any future performance, etc.”

(iv) Presentation of evaluation, analysis, etc. on market environment, etc.

When presenting an evaluation, analysis, etc. of the market environment, etc. related to the investment subjects of the relevant investment trust, etc. obtained from a research institution, the objective facts, data, and others that are the basis for the evaluation or analysis by such institution shall be presented, together with the name, etc. thereof, in addition to paying attention to expressing the contents in an objective manner. In addition, a statement to the effect that “future investment performance, etc. are not guaranteed.” shall be included.

(v) Presentation of investment method, etc.

When explaining price fluctuation factors, etc. caused by the management method or assets subject to investment concerned with such investment trust, etc., objective and plain expressions shall be used. Furthermore, when model, etc. are to be displayed, the calculation examples and others on which such model is based shall be added for the purpose of objectivity, and any representation that might cause misunderstanding by investors shall not be used.

(vi) Presentation of investment performance, etc.

(a) To indicate the data for a period lasting not less than the preceding three (3) years (for a product with track record less than three years after its establishment, application of the continuous period after its establishment), and refrain from making any indication that could give rise to misunderstanding by investors by emphasizing a specific part of the investment performance. In this case, together with the calculation period of such performance, a statement to the effect that

such historical performance is not to guarantee any future performance shall be made. Incidentally, the annualized return of an investment trust, etc. with less than six (6) months of track record after its initial establishment shall not be indicated.

- (b) When indicating an investment performance of an open-type bond investment trust that distributes daily based on actual performance or investment trusts of similar management style despite not conducting daily distribution, the annualized yield based on the performance of preceding seven days (or based on monthly average performance) shall be indicated. In such cases, together with the calculation period of the said performance, the fact shall be indicated to the effect that such performance has been obtained in the past and does not guarantee any future performance, etc.
  - (c) When presenting actual investment performance, etc., it is necessary to clarify whether such investment performance, etc. are before or after tax. In addition, when any fees, etc. are payable at the time of cancellation, it is necessary to clarify whether such investment performance, etc. are before or after such fees payable.
  - (d) When presenting actual investment performance, etc. for investment trusts denominated in foreign currencies, the currency pertaining to such investment performance, etc. shall be disclosed. When such performance is presented in yen, the exchange rate applied shall be disclosed.
  - (e) When comparing the past investment performance with the market index, etc., the name of such index, etc. shall be disclosed. When an original synthetic index, etc. is used, its calculation formula and the basis for such calculation shall also be disclosed.
- (vii) Indication of distributions
- (a) It should be noted that some part or all of the distribution may constitute a partial refund of the principal.
    - \* When indicating on special distribution in advertising, etc. to be produced after the enforcement of the partial revision to the “Rules on Investment Reports, etc. Pertaining to Investment Trusts and Investment Corporations” (after June 1, 2012), it is desirable to describe “special distribution” or “principal refund (special distribution)” as is the case with the description in investment management reports and prospectus for delivery.
  - (b) When indicating distribution, considering the movements of the base value inclusive of such distribution during the calculation period subject to distribution, due attention should be paid so that the investors can appropriately judge the actual investment performance of such investment trust.
    - \*Refer to the section (xiii) Indication on monthly distribution type and currency selection type of investment trusts when indicating for the monthly distribution type of trust.
  - (c) To expressly indicate whether such distribution amount is before or after tax.
  - (d) It should be noted so as not to cause the investors misunderstanding that the indicated distribution of the past is also to be received in future by emphasizing excessively the past record of distribution payment.

For example, a notice shall be given to the effect that “depending on the operational results, the distribution amount may change or the distribution may be suspended.”

(viii) Presentation of investment policy, etc.

When presenting the future investment policy, etc. of the fund manager of such investment trust, etc., objective data, etc. with the sources thereof on which the judgment of such fund manager is based shall be indicated while taking note to refrain from making excessively arbitrary expression, as well as giving a caution to the effect that such investment policy may change due to change in the future market environment, etc.

(ix) Indication of name, etc. of investment trust, etc.

The name of such investment trust, etc. as mentioned in the securities registration statements shall be indicated. When using any nickname of the investment trust, etc., use of such nickname shall be limited to the one mentioned in the securities registration statements.

(x) Indication of investment trust with security for principal (excluding complex investment trusts similar to over-the-counter derivative transactions)

For an investment trust that indicates the security of investment principal in the prospectus (excluding complex investment trusts similar to over-the-counter derivative transactions), attention shall be paid so as not to mislead customers with respect to such security of principal, for example, by describing the definition and conditions of such security.

(xi) Indication on complex investment trusts similar to over-the-counter derivative transactions

When making representation regarding investment trusts as provided for in Article 2 of the Rules on Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions, it should be noted that the representations shall comply with the provisions of the said Rules and their by-laws so as not to cause customers any misunderstanding as to the safety of the principal.

(xii) Representations of leveraged investment trusts

In relation to the leveraged investment trust as prescribed in Article 4, Paragraph 3 of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc., when a Full Member needs to receive a “Confirmation Letter” and advertising, etc. is prepared as explanatory material for such “Confirmation Letter,” the necessary matters shall be indicated by referring to Article 6 of the Rules on Complex Investment Trusts Similar to Over-the-Counter Derivatives Transactions.

(xiii) Indication on monthly distribution type and currency selection type of investment trusts

When indicating for a monthly distribution type of investment trust or a currency selection type of investment trust, respecting objectives of the Notices of the Japan Securities Dealers Association, “Development of system for providing explanations at time of sales and solicitation of investment trusts” dated July 22, 2011, and “Provision of reference materials in brochure for monthly distribution type or currency selection type of investment trusts” dated August 2, 2011, the following matters shall be considered from the perspective of enhancing the provision system of explanations.

(a) Explanatory description regarding distribution of monthly distribution type of investment trust

When making an explanation about distribution of a monthly distribution type of investment

trust, it is desirable to indicate the following matters in accordance with the contents of the concerned advertising, etc. so as not to mislead the investors into believing that such distributions are the same as interest earned on deposits with reference to the Considerations on Distribution stipulated in the prospectus. At the time of display, attention should be paid to make the display as easy to understand as possible by using charts, tables, graphs, etc.

- Unlike interest earned on deposits and savings, distributions are paid out of the net assets of the investment trust.
- Distribution may be paid in excess of income generated during the relevant accounting period.
- Depending on the purchase price by a beneficiary, part or all of the distribution could be a partial repayment of the principal for all practical purposes.

Explanatory description regarding income of currency selection type of investment trust

When presenting an explanation of income concerned with a currency-selection type of investment trust, it is desirable to indicate the following matters in accordance with the contents of the concerned advertising, etc. regarding the instances where income, loss, or cost may be incurred with reference to the descriptions in the prospectus. At the time of display, attention should be paid to make the display as easy to understand as possible by using charts, tables, graphs, etc.

- Management structure of currency selection type of investment trusts (image of fund flow)
- Relationship between profit and loss due to an increase or decrease in prices of investment assets, premium (profit arising from interest rate difference), or cost (expense due to interest rate difference), and foreign exchange gain or loss

(c) Indication concerning sales commissions

When indicating on the sales commissions for monthly distribution type and currency selection type of investment trusts, it is desirable to indicate as much as possible in a manner easy for customers to understand in accordance with the contents of such advertising, etc. by not only indicating the commission rate but also the method of collecting such commissions and examples of actual commissions to be paid according to the investment amounts.

(4) Display of product classification graph based on risk return profile

When a Full Member or a distribution company uses a product classification graph based on a risk return profile produced by the member company or distribution company of such investment trust, etc., since such classification is not an evaluation obtained from a third-party organization such as a rating agency, etc., in order to avoid misunderstanding of its objectivity, indication such as follows shall be required: “This classification graph has been produced by us (or XXX Company) based on the scope of investment instructions stated in the investment trust contract and will not guarantee any future investment performance, etc. ”

When using a product classification graph based on a risk return profile prepared by another company, approval as to its use shall be obtained from such company.

When creating a product classification graph based on a risk return profile, a Full Member shall

follow the specific procedures set forth in the section IV of the Guidelines.

(5) Indication as to the provision of gift, etc.

When indicating the provision of gift, etc., it should be noted that such indication shall not cause any misunderstanding on the product attributes of the investment trust or be excessively inciting for investment thereof.

2. Considerations for using marketing materials, etc.

(1) Medium to be used

There are no restrictions on the medium in which the marketing materials may be used.

(2) Use of explanatory materials, etc.

Reference materials, etc. to be used in explanatory meetings, etc. for investors, may also be categorized as marketing materials depending on the contents or method of use thereof.

(3) Use after submission of securities registration statements

Marketing materials may be used after the submission of securities registration statements regardless of the effective date concerned with such statements.

(4) Use of management reports, etc. of an investment trust prepared by a Full Member

When delivering to customers a management report, etc. of an investment trust prepared by a Full Member as advertising, etc., that does not indicate any of the Required Representations, it is considered that such Required Representations are indicated if the said report, etc. is delivered together with other materials indicating such Required Representations. [Public comment Nos. 53, 258]

(5) Use of explanatory materials on monthly distribution type and currency selection type of investment trusts

Any indications shall not be regarded advertising, etc. as long as such indications are made within the scope as described in the “Provision of reference materials in brochure for monthly distribution type or currency selection type of investment trusts” dated August 2, 2011, by the Japan Securities Dealers Association. However, it should be noted that when incorporated in other materials or used with additional contents, such indication may amount to advertising, etc. [Public comment No. 53, “Answering the Questions on the Financial Instruments and Exchange Act,” Q6]

3. Considerations when displaying rankings

When ranking is displayed in advertising, etc. for investment trusts, it is necessary to pay attention to the following matters so as to avoid any misunderstanding:

(1) Selection Criteria



To display the selection criteria of the sample products as to the ranking with attention paid to the following points:

- (i) When displaying the ranking title, avoid using a misleading title as to the selection criteria thereof.
- (ii) To indicate the scope of selection for such ranking. In particular, if any investment trust is excluded from the ranking list despite being within the scope of selection criteria, such fact shall be clearly indicated.  
(Example) The selection range for the purchase-amount ranking is all investment trusts provided by us. However, some investment trusts such as MRF are excluded from the ranking.
- (iii) To indicate the period of time to which the ranking is relevant.

## (2) Other Considerations

Any other matters requiring attention shall be indicated as necessary.

## III ETF (Exchange Traded Fund), REIT (Real Estate Investment Trust), and Infrastructure Fund

### 1. General Introduction

Unlike other investment trusts, investments in ETF (Exchange Traded Fund), REIT (Real Estate Investment Trust), and infrastructure fund are normally made by trading on Financial Instruments Exchange, etc. like shares instead of by offering or placement. Considerations for advertising, etc. for ETF, REIT, and infrastructure fund by Full Members are as follows:

Advertising, etc. at the time of offering or secondary placement shall be made through the aforementioned procedures in the section “II Investment Trust, etc.” for ETF while such advertising, etc. for REIT and infrastructure fund shall comply with the provisions of the following “2. Advertising, etc. for offering or secondary placement of REIT and Infrastructure Fund.”

### 2. Advertising, etc. for offering or secondary placement of REIT and Infrastructure Fund

#### (1) Required Representations

When making advertising, etc. for public offering or secondary placement of a REIT or infrastructure fund using marketing materials, the following items shall always be indicated:

##### (i) Statutory description items

With regard to losses due to fluctuations in the relevant index among the statutory description items (refer to the Part 1. Summary of Laws and Regulations; 1. Definitions of Advertising, etc. (\* 2) “Particulars to be indicated in advertising, etc.”; the same shall apply hereinafter.), following should be indicated:

- Text on price fluctuation risk
- Text on exchange rate risk in case of securities denominated in foreign currencies

##### (ii) Name of the investment corporation

##### (iii) Method and place of obtaining the prospectus (only when such prospectus is produced)

(iv) Statement to the effect that investment decisions should be made after the perusal of the prospectus (only when such prospectus is prepared)

(2) Matters desirable to be indicated

(i) Matters concerning the application guidelines (secondary placement) in the prospectus (limited to the instance when producing the prospectus)

(3) Specific Considerations

(i) Indicating method and place of obtaining the prospectus

Even if there are multiple parties to provide the prospectus, it is not necessary to indicate the company names, etc. of all parties. Company name, etc. of only a single party is required.

In this case, it is possible to indicate such information as “Contact XX company for prospectus” or “Company xx for any inquiry.”

(ii) Indication of earnings forecast, etc. disclosed by the issuer of such investment securities

In the event that the issuer of such investment securities presents, as advertising, etc., earning forecasts disclosed pursuant to the regulations of the relevant Financial Instruments Exchange and an Authorized Financial Instruments Firms Association, such issuer shall also state to the effect that the concerned performance forecasts are disclosed by the issuer themselves, together with the assumptions that constitute a basis for the relevant forecasts (e.g., summary of accounts or press release dated DD/MM/YY), as well as the fact that such forecasts do not guarantee any future price performance, etc.

(iii) Evaluation or analysis by a member company or a third party

Not to present the valuation or analysis of the relevant investment securities by the member company or any third party.

(iv) Advertising, etc. for the provision of gift, etc.

No representation shall be made as to the offering of any gifts, etc. (including a prize competition) for any individual investment securities.

(4) Introduction of specific examples

An advertisement that indicates the following items without error (including so-called tombstone advertisement) by extracting the relevant descriptions from the prospectus shall not be deemed to be a false or misleading indication in general. However, it should be noted that if any other description than those listed in (i) and (ii) below is combined in the indication or subject to the font size, etc. of the letters used, such an advertisement may be classified as a false or misleading indication.

When preparing so-called “tombstone advertising,” refer to the items listed in (i) and (ii) below. Separately, when preparing the “Application Guidelines” to be used for a secondary placement that does not require the production of a prospectus, pertinent matters shall be selected from those listed in (i) and (ii) below and indicated.

(i) Required Representations

(a) Statutory description items

With respect to losses caused by index fluctuations among the statutory description items, following should be indicated:

- Text on price fluctuation risk
- Text on exchange rate risk in case of securities denominated in foreign currencies

- (b) Name of the investment corporation
- (c) Method and place of obtaining the prospectus (if the prospectus is not to be produced, address and telephone number, etc. of the relevant business office)
- (d) Statement to the effect that investment decisions should be made after the perusal of the prospectus (only when such a prospectus is prepared)
- (e) Statement to the effect that a prospectus is not produced (limited to the instance where the prospectus is not to be produced)
- (ii) Examples of additional indications other than (i) above
  - (a) Product code;
  - (b) Relevant Exchange;
  - (c) minimum unit required for investment;
  - (d) book building (declaration of investment intention) period;
  - (e) Date of determining provisional conditions,
  - (f) Offer price (possibly provisional price);
  - (g) Number of units on offer;
  - (h) Offer period;
  - (I) Scheduled date of listing or delivery date (commencement date of trading);
  - (j) Underwriting syndicate members;
  - (k) Use of funds raised;
  - (l) Explanation regarding any lock-up provision; and
  - (m) Description of book building procedures and considerations thereof.

### 3. Representation concerned with ETF

#### (1) Required Representations

(a) When preparing any advertising, etc. for ETF, the following items shall always be indicated:

##### (i) Statutory description items

With respect to losses caused by index fluctuations among the statutory description items, following should be indicated:

- Text on price fluctuation risk of such ETF itself
- Text on exchange rate risk in case of securities denominated in foreign currencies

\* With regard to the price fluctuation risk, it is considered desirable to state that there is a price fluctuation risk due to the movements of the associated index, etc. in addition to the price fluctuations of relevant ETF itself.

Where it is difficult to identify financial indicators such as stock prices, interest rates, foreign exchange rates, commodity prices, etc., that are likely to affect the relevant index from the product name or the name of linked index, it is considered desirable to state the type of relevant index (e.g., stock index, interest rate index, bond index, exchange rate index, commodity price index, etc.).

\* When referring in advertising, etc. to the product attributes of an ETF whose underlying assets are bonds, it is considered desirable to state the pertinent credit risk as appropriate.

(b) With regard to the "statement that there is a risk of diversion between the rate of change of such Leveraged Index and the rate obtained by multiplying the rate of change of the Original Index by a certain ratio and the reasons therefor" among the statutory description items pertaining to the acts of financial instruments transaction in relation to the Leveraged Index, etc., it is advisable to state such matters in an easy-to-understand manner by using charts or the like as necessary; for example, when stating that "during a period of two or more business days, the rate of increase or decrease of the Leveraged Index does not generally correspond to the certain factor of the rate of increase or decrease of the Original Index for the same period. If such situation continues for a long period of time, the expected investment return may not be achieved. "

In addition, with regard to the "statement that investment in securities related to such Leveraged Index, may not conform to the medium-to-long term investment objectives and the reasons therefor", it is conceivable to state, for example; "for the reasons described above, such investment may not be suitable for long-term investment as it is designed for capturing return by the movements of market prices in a relatively short period of time".

- (ii) Fund name (If there is a product with a similar name, state the fund code, etc. in order to avoid any confusion.)
- (iii) Name of the index etc. to be linked (If the name of the linked index etc. is obvious by the fund name, it may be omitted.)
- (iv) In case of a physical commodity-based ETF, such fact shall be indicated.

(2) Matters desirable to be indicated

- (i) Financial Instruments Exchange or Foreign Financial Instruments Exchange on which the ETF is listed
- (ii) Investment Policy
- (iii) Details of linked Index, etc.
- (iv) Affiliated corporation of the fund (Management Company, Trustee Company, etc.);
- (v) Distribution policy
- (vi) Matters regarding expenses of the fund (trust fees, etc.)
- (vii) Matters regarding taxation

#### 4. Considerations concerning ETF

##### (1) Considerations concerning the representations of ETFs that invest in linked bonds and OTC derivative transactions

An ETF investing in linked bonds and OTC derivative transactions has a credit risk related to the issuers of the linked bonds and the counterparty of the derivative transactions in which such ETF invests, as well as a price fluctuation risk arising from fluctuations in the price of such ETF itself and the linked Index.

Since the homepage, etc. of the Financial Instruments Exchange on which such ETF is listed has an explanatory page regarding credit risk (hereinafter referred to as the "Explanatory Page"), it is desirable to display a useful information (such as the URL address of the Explanatory Page), when making advertising, etc. for explaining the product attributes of such ETF.

##### (2) Considerations regarding the representations of ETFs linked to an enhanced index, leveraged index, or inverse index

If investment is made without investors' full understanding of the product attributes and risks in relation to the ETFs linked to the enhanced index, leveraged index, or inverse index, such investors may experience unexpected loss or fail to gain expected return as a result of the price fluctuations unanticipated by them.

In creating advertising, etc. describing the product attributes of such ETFs, in addition to the indication explaining the product attributes of the relevant ETF in such advertisement, it should be considered to introduce Explanatory Pages, etc. (its URL address, etc.) provided on the homepage, etc. of the financial instruments exchange on which such ETF is listed.

In case of advertising an ETF linked to the leveraged or inverse index, it should be noted that the matters set forth in (b) of "3. Representation concerned with ETF; (1) Required Representation, (i) Statutory Description Items" must be stated as statutory description items.

#### 5. Representation concerned with REIT

##### (1) Required Representations

###### (i) Statutory description items

With respect to losses due to index fluctuations among the statutory description items, following should be indicated:

- Text on price fluctuation risk

With regard to the price fluctuation risk, it is required to state that there is a risk of damage to the investment principal due to the price and/or profitability fluctuations of the real estate assets under investment in addition to the price fluctuation risk of relevant REIT itself.

###### (ii) Name of investment corporation

###### (iii) Type of main investment object (e.g., office buildings, commercial facilities, etc.)

(2) Matters desirable to be indicated

- (i) Financial Instruments Exchange or Foreign Financial Instruments Exchange on which the ETF is listed
- (ii) Investment Policy
- (iii) Details of the investment objects
- (iv) Details of risk
- (v) Affiliated entities of the trust (Asset Management Company, Administrative Agent, Custodian, etc.)
- (vi) Distribution policy
- (vii) Matters regarding expenses of trust (management fees, etc.)
- (viii) Matters concerning taxation

6. Representation concerned with infrastructure fund

(1) Required Representations

(i) Statutory description items

With respect to losses due to index fluctuations among the statutory description items, following should be indicated:

- Text on price fluctuation risk

With regard to the price fluctuation risk, it is required to state that there is a risk of damage to the investment principal due to the price and/or profitability fluctuations of the infrastructure assets under investment in addition to the price fluctuation risk of the relevant infrastructure fund itself.

(ii) Name of fund

(iii) Type of main investment objects (e.g., renewable energy power generation facilities, right to operate public facilities, etc.)

(2) Matters desirable to be indicated

- (i) Financial Instruments Exchange or Foreign Financial Instruments Exchange on which the ETF is listed
- (ii) Investment Policy
- (iii) Form of holding assets by investment corporation (direct holding, indirect holding)
- (iv) Details of investment assets
- (v) Details of risk
- (vi) Affiliated entities of the fund (Asset Management Company, Operator, Administrative Agent, Custodian, etc.)
- (vii) Distribution Policy
- (viii) Matters regarding expenses of fund (management fees, etc.)
- (ix) Matters regarding taxation (\*)

\* Under the taxation system as of November 2015, with respect to the infrastructure fund where the

investment corporation directly owns renewable energy power generation facilities, this item shall include matters related to the application of corporate taxation system to the fund, including the fact that tax on the investment corporation may be applied in the future due to the temporary measures applicable to the conduit investments.

## 7. Considerations for REIT and Infrastructure Fund

### (1) Indication of “Select Issue,” etc.

When conducting advertising, etc. for REITs or infrastructure funds in regular publications, pamphlets, leaflets, websites, etc. as “Select Issue” selected by the member company, the indication of “Select Issue,” etc. shall be made with reference to the provisions of “Guidelines for Advertising, etc.; II. Shares 2. Advertising, etc. on Secondary Market, (1) Introduction of individual companies, (iii) Considerations regarding the expression of the Select Issues, etc., (a) Large-volume sales recommendation, etc.” by the Japan Securities Dealers Association so as not to fall under the category of Large-volume sales recommendation or “uniform and intensive recommendation of specific securities by providing subjective or arbitrary information” as prescribed in Article 12, Paragraph 1 of the “Rules Concerning Solicitation for Investment and Management of Customers, etc. by Association Members” by the Japan Securities Dealers Association. The same shall apply to advertising, etc. regarding distribution.

### (\* <Reference>

By Japan Securities Dealers Association, “Guidelines for Advertising, etc.;

II. Shares 2. Advertising, etc. on Secondary Market; (1) Introduction of individual companies (iii) Considerations regarding the expression of the Select Issues,” etc.

(a) Large-volume sales recommendation, etc.

When conducting advertising, etc. for REITs or infrastructure funds in regular publications, pamphlets, leaflets, websites, etc. as “Select Issue” selected by the member company, it shall be made with consideration that the formation of fair prices shall not be impaired by the large-scale purchase of such specific securities, resulting in a Large-volume sales recommendation as defined in Article 117, Paragraph 1, item (xvii) or (xviii) of the Order on Financial Instruments Business, which regulates excessive recommendation to be made to an unspecified and large number of people for a small number of specific products, or “uniform and intensive recommendation of specific securities by providing subjective or arbitrary information” as prescribed in Article 12, Paragraph 1 of the “Rules for Solicitation of Investment by Association Members, Customer Management, etc.” (hereinafter referred to as “Rules for Investment Solicitation) by the Japan Securities Dealers Association. In particular, when it is considered highly probable that the definition of large-volume sales recommendation or uniform and intensive recommendation is relevant in light of the medium and the period of time (size of prospective audience), contents of the display (whether or not such indication contains only objective facts or subjective opinion as well), the number of securities to be advertised and their liquidity, the number of people who

provide advertising, etc., the expression like “Select Issue” shall not be used.

For example, advertisement in newspaper, radio, and television will be displayed to an extremely large number of people, and in consideration of the space and time for such display, it is considered inappropriate to use an expression such as “Select Issue,” etc. In addition, with regard to print media such as magazines, etc., when it is considered highly probable that the definition of large-volume sales recommendation or uniform and intensive recommendation is relevant in light of the number of copies in circulation, publication period, display space, and so on, expressions such as “Select Issue” shall not be used.

Similarly, with regard to websites, etc. on the Internet (including those available only for specific members), taking into account the location and period of publication, the number of users, the ease of access, contents of the display, etc., when it is considered highly probable that the definition of large-volume sales recommendation or uniform and intensive recommendation is relevant, expressions such as “Select Issue” shall not be used.

The same shall apply to advertising, etc. regarding the shareholder benefit plan.

When using the expression “Select Issue” and the like in advertising, etc., considering the media used and the number of target audience for such advertisement, it is recommended to indicate in the relevant advertisement, etc. in a plain language that the final investment decision should be made by investors themselves as appropriate in addition to stating the reason and criteria for selecting such “Select Issue.”

(2) Confirmation of existence of any sensitive and undisclosed corporate information, etc.

Advertising, etc. shall not be conducted unless the Sales Inspection Division has confirmed in advance the existence of sensitive and undisclosed corporate information.

(3) Prohibition of providing gifts, etc. in relation to individual fund/trust

No representation shall be made as to the offering of any gifts, etc. (including a prize competition) for any individual REIT or infrastructure fund.

(4) Representation concerned with yields

When indicating the distribution yield of a REIT or an infrastructure fund, such yield shall be indicated pursuant to the “Guidelines for Advertising, etc.; II. Shares 2. Advertisement, etc. on Secondary Market; (1) (ii) (e) \*Considerations” by the Japan Securities Dealers Association.

\* Corresponding part of the “Guidelines for Advertising, etc.” of Japan Securities Dealers Association

(e) Matters regarding the indication, etc. of distribution

- Displayed in monetary amount (yen) per share (distribution ratio may also be indicated).
- In case of displaying the distribution ratio, the relevant share price and distribution amount as the basis for such calculation shall be included.



- If such distribution amount is as expected, that fact and the person who calculated such estimate (e.g., issuer company, etc.) shall be indicated.

(Note) Regarding the shareholder benefit plan, any benefit shall not be combined with the distribution so as to include such benefits in calculating the distribution ratio. In addition, the monetary amount derived from monetizing such benefits and the distribution amount shall not be combined for an indication.

(Example) “Meal voucher of 2000 yen per 1,000 shares”; permitted

“xx% per annum when converting a meal voucher of 2000 yen into the yield”;  
not permitted

#### IV Preparation of Product Classification according to Risk Return Profile of Investment Trusts, etc.

In soliciting for offering, etc. of investment trusts, etc., from the viewpoint of assisting investors to understand that the investment trusts, etc. are risk products and that the degree of risk varies depending on the type of products, the investment trust management company, etc. may, at its own responsibility, produce a product classification chart as the supplementary material to a prospectus according to the following procedures and indicate to the investors the relevant classification of its investment trust, etc. subject to such solicitation for offering, etc.

When preparing such a classification chart, the following texts shall be included: “The positioning of each investment trust described in the chart indicates the degree of risk inherent to such investment trust, etc., that is anticipated by the investment trust management company in its management thereof, and does not guarantee any future performance or else” and “This material is prepared for marketing purposes and the prospectus must be perused prior to any investment decision.”

For the purpose of preventing investors from misunderstanding, any product classification chart shall not summarize in a single chart various investment trusts, etc. managed by multiple investment trust management companies, etc.

##### (1) Preparation procedures

Specific procedures for creating a product classification chart based on risk return profile of investment trust, etc.

###### (i) Name and description of each group

Investment Trusts, etc. are classified into the following five groups (see Attachment).

###### Group I: Focus on Stable Yield Income

Fund managed with the aim of securing stable yield. Accordingly, fluctuation in the base value of the fund is extremely limited despite no guarantee provided for the principal.

###### Group II: Pursuit of Yield Income

Fund managed with the aim of pursuing higher yield. Accordingly, fluctuation in the base

value of the fund is limited.

**Group III: Balanced Pursuit of Capital Gain and Yield Income**

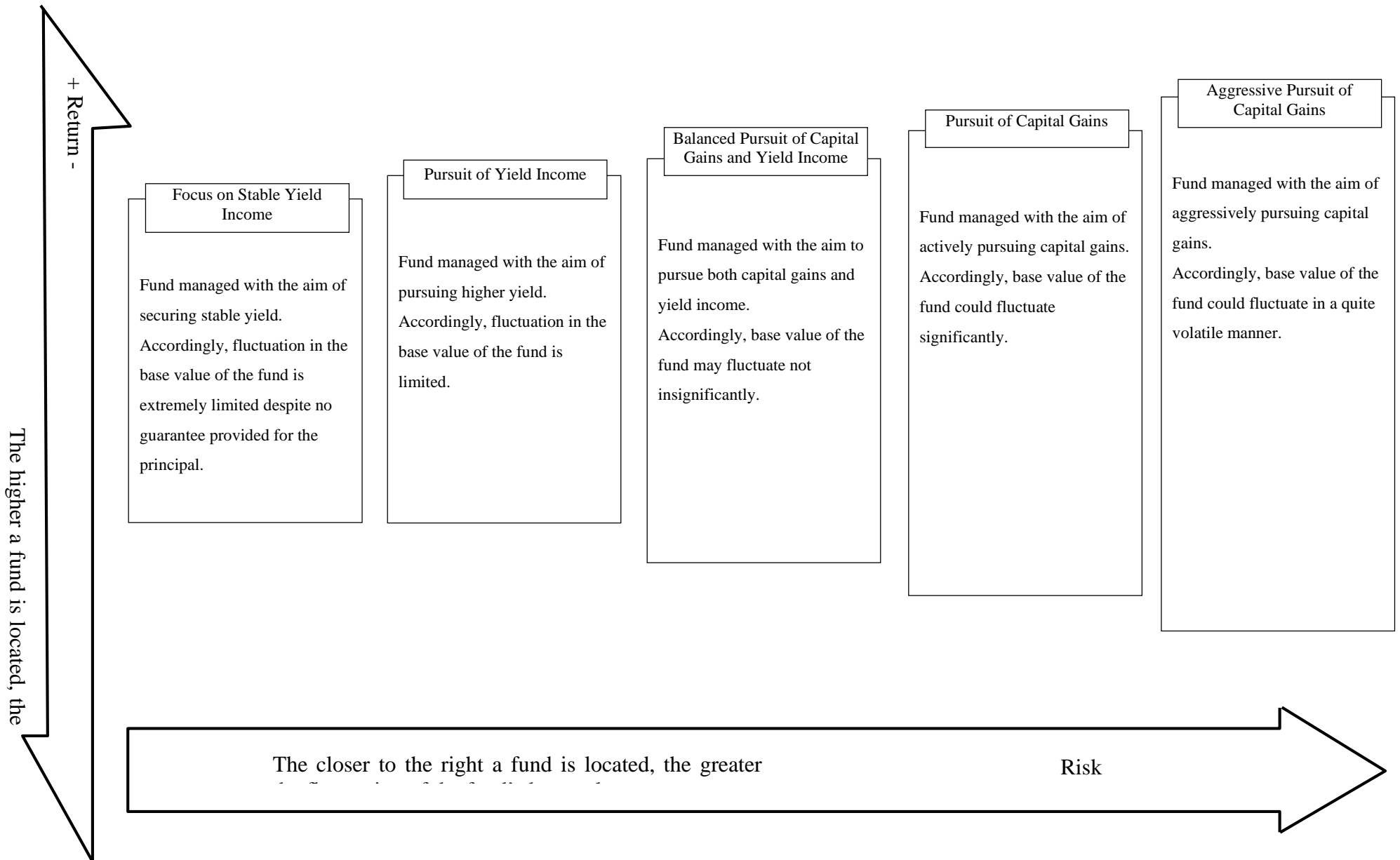
Fund managed with the aim to pursue both capital gains and yield income. Accordingly, base value of the fund may fluctuate not insignificantly.

**Group IV: Pursuit of Capital Gains**

Fund managed with the aim of actively pursuing capital gains. Accordingly, base value of the fund could fluctuate significantly.

**V Group: Aggressive Pursuit of Capital Gains**

Fund managed with the aim of aggressively pursuing capital gains. Accordingly, base value of the fund could fluctuate in a quite volatile manner.



#### Supplementary Provision

The revised Guidelines shall come into effect on May 1, 2004.

#### Supplementary Provisions

1. This amendment shall come into effect on October 13, 2006.
2. Advertising, etc. to which the revised provisions are applicable shall be those newly planned and produced after our member companies have promptly established the internal structure according to such revision.

#### Supplementary Provision

This amendment shall come into force on 17 May, 2012.

#### Supplementary Provision

This amendment shall come into effect on February 21, 2013.

#### Supplementary Provision

This amendment shall come into effect on December 12, 2013.

#### Supplementary Provision

This amendment shall come into effect on July 15, 2014.

\* The amended provisions are as follows:

- (1) Amendment to heading of Part 2. I. Article 2. (1) and establishment of paragraph (2).
- (2) Amendment to Part 2, I. Article 6(1) and (2), and the heading of Article 8.
- (3) Previous provisions of Part 2. I. Article 9 have been amended and incorporated in 8 (4), and Article 9 has been newly established.
- (4) Amendment to Part 2. I. Article 14 (2), (6) (i) (c), and (ii) (c), and establishment of paragraph (7).

#### Supplementary Provision

This amendment shall come into force on 12 November, 2015.

\* The amended provisions are as follows:

- (1) Establishment of Part 2, I. Article 2(1) (iii). Moving down previous item numbers (iii) through (vi). Addition to reference. Establishment of Article 15.
- (2) Establishment of Part 2, II. Article 3.
- (3) Amendment to heading of Part 2, III. Amendment of 1 and 2. Establishment of Article 6.  
Previous Article 6 is renumbered and the heading revised. Amendment of (1), (3) and (4) of 7.

#### Supplementary Provision

This amendment shall come into effect on January 14, 2016.

\* The amended provisions are as follows:

- (1) Articles 1 and 15 of Part 2, I. have been amended.

#### Supplementary Provision

This amendment shall come into effect on December 13, 2018.

\* The amended provisions are as follows:

- (1) Amendment to Part 2, I., 2, (iii), 6 and 15.

#### Supplementary Provision

This amendment shall come into effect on September 9, 2021.

\* The amended provisions are as follows:

- (1) Amendment to Part 1, Articles 1(iii)(d), 2(iv), 5 (3) and 6. Amendment to the <Reference>, Article 4 (2)(iii) and (iv):  
Applicability of Advertising, etc.
- (2) Amendment to Part 2, I. Article 6. Establishment of Article 10. Previous Articles 10 through 16 have been renumbered.
- (3) Amendment to Part 2, III. Article 7(1).

#### Supplementary Provision

This amendment shall come into effect on January 24, 2022.

\* The amended provisions are as follows:

- (1) Establishment of (2) (\*2) (iii)(e) and (5) (viii) of Part 1; Article 1
- (2) Amendment to Part 2, I. Article 4.
- (3) Establishment of Part 2, II. Article 1 (1) (i) (c).
- (4) Establishment of Article 3 (1) (i) (b) and Amendment to Article 4 (2), of Part 2, III.

<Reference>

## Comparing Investment Performance, etc. of Funds in Marketing Materials

Established on September 6, 2002

I. The Sales Marketing Committee has had repeated discussions on “Comparison of funds’ investment performance with the market index, etc.” and “Comparison of investment performance among funds” to be published in the marketing materials that are investment solicitation materials other than the prospectus for investment trusts, etc., and has generally decided on their handling as follows taking into account the opinions of the authorities concerned.

1. Entries in the securities registration statements (prospectus) are not necessary.

2. When comparing the investment performance of the fund with the market index and the investment performances among the funds,

(1) It is necessary to clearly state product characteristics of each fund; and

(2) In order not to give investors a misleading impression, the purpose of such use (or production) shall be clearly stated.

For example, a statement to the effect that the purpose of use (production) is to assist investors’ investment selection in their asset management for such investors to understand the effectiveness of diversified investment in various funds.

II. In accordance with the basic concept mentioned above, each company hereto shall make its own decision on its responsibility with full recognition of its relevance to the Act against Unjustifiable Premiums and Misleading Representations.

# Guidelines on Accountability of Investment Trust Management Company pursuant to the Act on Provision of Financial Services

Established on December 8, 2000  
Revised on January 19, 2007  
Revised on September 21, 2007  
Revised on September 19, 2008  
Revised on March 19, 2009

## I. Purpose of the Guidelines

This Guidelines indicate practical examples and considerations in exercising accountability required of financial instrument distributors, etc. as provided for in the Act on Provision of Financial Services (Act No. 101 of 2000; hereinafter referred to as the “Financial Instruments Sales Act”) when an investment trust management company (entity as prescribed in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations: Act No. 198 of 1951; the same shall apply hereinafter ) engages in offerings, etc. (offering or private placement; the same shall apply hereinafter) of the beneficiary certificates of an investment trust established by such investment management company.

## II. Summary of Accountability pursuant to the Financial Instruments Sales Act

1. Under the Financial Instruments Sales Act, when an investment trust management company intends to make a public offering, etc. of beneficiary certificates of an investment trust established by itself, it must explain the following matters (hereinafter referred to as the “Significant Matters”) to customers before such offering, etc. of beneficiary certificates are made.

(Article 3, Paragraph 1 of the Financial Instruments Sales Act)

- (i) If the relevant sale of financial instruments involves the risk of incurring a loss of principal, due to fluctuations in the interest rate, the value of currencies, quotations on a financial instruments market (meaning a financial instruments market as prescribed in Article 2, Paragraph 14 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA” ), or any other indicators as the direct cause thereof, the following matters must be explained:
  - (a) The fact that there is a risk of incurring a loss of principal;
  - (b) The relevant indicator; and
  - (c) The important portions of the structure of transactions pertaining to the relevant sale of financial instruments that generate the risk of incurring a loss of principal with fluctuations in the indicator set forth in sub-item (b) as the direct cause thereof:

[Price Fluctuation Risk]

- (ii) If sale of the relevant financial instruments involves the risk of incurring a loss of principal directly caused by changes in the status of the business operations or assets of the person carrying out that sale of financial instruments or any other persons, the following matters must be explained:
  - (a) The fact that there is a risk of incurring a loss of principal;
  - (b) The relevant person; and
  - (c) Important portions of the transaction structure pertaining to the sale of the relevant financial

instrument that contain the risk of incurring a loss of principal directly caused by changes in the status of business operations or assets of the person set forth in sub-item (b):

[Credit Risk]

- (iii) In addition to what is provided for in items (i) and (ii), if sale of the relevant financial instrument involves the risk of incurring a loss of principal directly caused by the grounds that are specified in the Order for Enforcement of the Act on Sales, etc. of Financial Instruments (Cabinet Order No. 484 of 2006; hereinafter referred to as the “Cabinet Order”) as important factors that can influence the customers’ judgment, the following matters must be explained:
- (a) The fact that there is a risk of incurring a loss of principal;
  - (b) The relevant ground(s); and
  - (c) Important portions of the transaction structure pertaining to the relevant sale of financial instrument that contain the risk of incurring a loss of principal, with the grounds set forth in sub-item (b) as the direct cause thereof;
- (iv) If there is any period during which the exercise of the rights pertinent to the concerned financial instruments or cancellation of the sale contract pertaining to such financial instruments is restricted, a statement to that effect shall be provided.

[Restriction concerned with Period for Exercise of Rights and Cancellation of Contract]

2. The explanation prescribed in the preceding paragraph must be provided in a manner and to the extent necessary for the customer to understand them according to such customer’s knowledge, experience, financial status, and objective for concluding such contract pertaining to the relevant financial instrument. (Article 3, Paragraph 2 of the Financial Instruments Sales Act)

(Note) The heading in parentheses [ ] is not included in the provisions of the Financial Instruments Sales Act but added in the Guidelines.

### III. Contents of Explanation

#### 1. Basic Concept

The Financial Instruments Sales Act does not provide for any specifics on the Significant Matters to be explained to customers, but investment trust management companies are required to explain such Significant Matters to a large number of customers to such an extent that they can understand them.

#### 2. Practical Handling

In consideration of the fact that investment trust management companies are required “to explain such Significant Matters to a large number of customers to such an extent that they can understand them,” the contents of Significant Matters to be explained and examples of specific explanation at the time of offering, etc. of each beneficiary certificate shall be as follows:



○ Beneficiary Certificates

Beneficiary Certificate of Investment Trust	Price fluctuation risk	Credit risk	Restriction concerned with period for exercise of rights or cancellation of contract
Investment trusts whose main assets are domestic stocks	- Base value fluctuation risk of beneficiary certificate of investment trust - Price fluctuation risk of the shares under investment	- Credit risk concerned with the issuers of shares under investment	—
Investment trust that mainly invests in yen-denominated public and corporate bonds and does not invest in shares, private equities, etc. or assets denominated in foreign currencies.	- Base value fluctuation risk of beneficiary certificate of investment trust - Price fluctuation risk of the bonds held as investment	- Credit risk of the issuers of the bonds held as investment	—
Investment trust whose main assets are stocks and general bonds denominated both in yen and foreign currencies	- Base value fluctuation risk of beneficiary certificate of investment trust - Price fluctuation risk of the securities under investment - Exchange rate risk	- Credit risk of the issuers of securities held as investment	—

(Note) Beneficiary certificates of other types of investment trusts may require different explanation.

(Examples of specific explanation)

[Investment trust whose main assets are domestic stocks]

- This investment trust mainly invests in domestic stocks. Since the base value fluctuates depending on price movements, etc. of invested shares, the base value may fall below the initial investment price. Moreover, there may be a loss of the principal due to changes in the management and financial conditions concerned with the issuers of the shares held under investment, as well as due to changes in the external evaluation thereof.
- This investment trust mainly invests in domestic stocks. Loss may be incurred due to fall in the base value caused by price decline of the shares under investment or deterioration in the credit standing of the issuers of such shares.

[Investment trust that mainly invests in yen-denominated public and corporate bonds, and does not invest in shares, private equities, etc. or assets denominated in foreign currencies]

- This investment trust mainly invests in yen-denominated public and corporate bonds. Since the base value of this investment trust fluctuates depending on price movements of invested bonds caused by fluctuations, etc. in interest rates, the base value may fall below the initial investment price. Moreover,

there may be a loss of the principal due to changes in the management and financial conditions concerned with the issuers of the bonds held under investment, as well as due to changes in the external evaluation thereof.

- This investment trust mainly invests in yen-denominated public and corporate bonds. Loss may be incurred due to fall in the base value caused by price decline of the bonds under investment or deterioration in the credit standing of the issuers of such bonds.

[Investment trusts whose main assets are stocks and general bonds denominated both in yen and foreign currencies]

- This investment trust mainly invests in stocks and bonds that are denominated both in yen and foreign currencies. Since the base value of this investment trust fluctuates depending on price movements of bonds and shares held as assets, fluctuations of exchange rates, etc., the base value may fall below the initial investment price. Moreover, there may be a loss of the principal due to changes in the management and financial conditions concerned with the issuers of the shares or bonds held under investment, as well as due to changes in the external evaluation thereof.
- This investment trust mainly invests in stocks and bonds that are denominated both in yen and foreign currencies. Loss may be incurred due to a decline in the base value caused by fall in prices of stocks and bonds held as investment assets (also subject to exchange rate fluctuations in case of foreign currency-denominated securities) or deterioration in the credit standing of the issuers thereof.

○ Explanation, etc. concerned with beneficiary certificates of investment trust denominated in foreign currencies:

(a) Beneficiary certificates of investment trust denominated in foreign currencies

With regard to beneficiary certificates of investment trust denominated in foreign currencies, in addition to the items described above, it is considered necessary to explain the risk of exchange rate fluctuations, since the base value may fall short of the initial investment principal due to the calculation of such base value made in foreign currencies.

(b) Beneficiary certificates where a loss of principal may occur due to a change in the business or credit conditions of a third party

With respect to the beneficiary certificates where a loss of principal may occur due to a change in the business or credit conditions of any third party other than those mentioned above, it is considered necessary to explain such third party's credit risk in addition to the items described above.

[Examples of specific explanation for beneficiary certificates with guarantee]

- This investment trust mainly invests in stocks and bonds that are denominated both in yen and foreign currencies. The base value of this investment trust fluctuates subject to such factors as price movements in the shares and bonds held as asset, exchange rate movements, and changes in the credit standing of the issuers of such shares and bonds. Therefore, the base value of this investment trust may cause a loss

to the investment principal if it is sold before redemption. Moreover, there may be a loss of the principal due to changes in the management and financial conditions concerned with the issuer of the beneficiary certificates or guaranty company, as well as due to changes in the external evaluation thereof.

(c) Beneficiary certificates of investment trust where there are restrictions regarding the exercise period of rights or the timing of contract cancellation

With respect to the beneficiary certificates with restrictions on the exercise period of rights or the timing of contract cancellation, it is considered necessary to explain such restrictions on the exercise period or cancellation timing in addition to the items described above.

[Examples of specific explanation for investment trusts with closed period whose main assets are domestic stocks]

- This investment trust mainly invests in domestic stocks. Since the base value fluctuates depending on price movements, etc. of invested shares, the base value may fall below the initial investment price. Moreover, there may be a loss of the principal due to changes in the management and financial conditions concerned with the issuers of the shares held under investment, as well as due to changes in the external evaluation thereof. Please note that you cannot sell your investment during the closed period.
- This investment trust mainly invests in domestic stocks. Loss may be incurred due to fall in the base value caused by price decline of the shares under investment or deterioration in the credit standing of the issuers of such shares. Please note that you cannot sell your investment during the closed period.

(Note) Under the Financial Instruments Sales Act, it is not required to make any explanation as to the method of safekeeping customer's subscription money, profits, sale proceeds, etc. Therefore, each of the investment trust management companies shall independently decide whether or not to explain that such subscriptions are not subject to the payment, etc. under the deposit insurance scheme or the investor protection fund, and therefore, that the investment trust management company is legally obligated to entrust the amount equivalent to such subscription to a trust company.

#### IV. Timing, etc. of Explanation

##### 1. Basic Concept

The Financial Instruments Sales Act stipulates that the Significant Matters shall be explained "at or before the time that the sale of financial instruments is carried out." In the case of a public offering, etc. of beneficiary certificates of an investment trust, it is appropriate to construe "at or before the time that the sale of financial instruments is carried out" as "at or before the time that the contract is concluded." Therefore, it is recommended that an investment trust management company should explain the Significant Matters to customers before entering into any contract for the offering, etc. of beneficiary certificates. It should be noted that the investment trust management company is required to explain the Significant Matters to a large majority of general customers to such an extent that they can understand them.

## 2. Specific Considerations

As described above, an investment trust management company should explain the Significant Matters to the customers before entering into any contract for the offering, etc. of beneficiary certificates. However, from the viewpoint of “to explain the Significant Matters to a large majority of general customers to such an extent that they can understand them,” it is necessary to pay attention to the following matters as to the timing of explanation.

- (i) Where, after giving an explanation on the Significant Matters to a customer, such customer continues to participate in the offerings, etc. of the beneficiary certificates relevant to such explanation and it is considered that such customer continues to be cognizant of such Significant Matters, it is not always considered necessary to give an explanation of the Significant Matters each time an offering, etc. of similar nature is conducted. However, if requested by such customer, it is necessary to give an explanation of the Significant Matters to him/her.

“An offering, etc. of similar nature” means the offering, etc. of beneficiary certificates where the substance of the Significant Matters to be explained to customers is the same.

- (ii) It is considered desirable to handle with care any offering of beneficiary certificates that are not widely known or where their structure is considered to be complicated or sophisticated.

## V. Method of Explanation

### 1. Basic Concept

The Financial Instruments Sales Act does not provide for any specific method of explanation for the Significant Matters. Accordingly, an explanation of the Significant Matters can be made orally, in writing, or by other means.

However, regardless of the means of explanation, an investment trust management company is required to explain such Significant Matters to a large majority of general customers to such an extent that they can understand them.

(Note) Under the Financial Instruments Sales Act, it is not required to obtain any confirmation as to the fact that the explanation is given. Therefore, each company shall make its own decision as to whether or not to obtain such confirmation and obtaining method thereof if deciding to obtain such confirmation.

### 2. Specific Considerations

In consideration of the fact that the investment trust management company is required to “explain the Significant Matters to a large majority of general customers to such an extent that they can understand them,” it is necessary to pay attention to the following points with regard to the method of explanation to be provided by the company.

- (i) With regard to beneficiary certificates of investment trusts that are not well known or where structure is considered to be complicated or sophisticated, attention should be given to explain in accordance with the product attributes of such investment trusts in order to provide more detailed explanations.
- (ii) When explaining the Significant Matters in writing, it is necessary to avoid confusing expressions as well as to take care to make the relevant descriptions noticeable.

## VI. Instance where Explanation is not Required

### 1. Basic Concept

Under the Financial Instruments Sales Act, it is not required to explain the Significant Matters when a customer is a person who is specified by a Cabinet Order as a person with professional knowledge and experience (hereinafter referred to as a “Specified Customer”).

In addition, if a customer who is not a Specified Customer expresses his/her intention not to receive any explanation on the Significant Matters, such explanation pursuant to the Financial Instruments Sales Act shall not be required.

Since the Financial Instruments Sales Act does not provide for any method of expressing such an intention, a customer may express an intention orally, in writing, or by any other means.

(Note) Under the Financial Instruments Sales Act, it is not required to obtain any confirmation when a customer has expressed his/her intention not to receive any explanation. Therefore, each company shall make its own decision as to whether or not to obtain such confirmation and obtaining method thereof if deciding to obtain such confirmation.

### 2. Specific Considerations

#### (1) Case of Specified Customer

When a customer is a Specified Customer, it is not necessary to explain the Significant Matters. The Specified Customer is defined in Article 10 of the Cabinet Order as the “Financial Instruments Distributors, etc. or Professional Investor as defined in Articles 2, Item 31 of the FIEA.”

#### (2) Expression of intention not to receive explanation

Considerations with respect to the expression of intention not to receive any explanation are as follows.

- (i) It is considered essential for a customer to express such intention after he/she understands the risk involved in the relevant beneficiary certificates. Accordingly, it is considered desirable to take actions such as explaining the Significant Matters to the customer if such customer has never received explanation on a similar type of beneficiary certificates and has no experience of dealing in such kind of products.
- (ii) It is considered desirable to handle with care any expression of intention not to receive explanation relating to the beneficiary certificates of investment products that are less known or whose structure is complex or sophisticated.
- (iii) The scope of beneficiary certificates for which the customer’s intention for non-explanation can be expressed should be clarified.
- (iv) In the event that a customer requests an explanation of the Significant Matters after the customer has once expressed an intention not to receive any explanation, although it is not necessary to construe that the relevant intention has been withdrawn, it will be appropriate to conduct explanation on the Significant Matters.

## VII. Approach according to Format of Transaction

Under the Financial Instruments Sales Act, it is required to explain the Significant Matters to a large majority of general customers to such an extent that they can understand them. From this viewpoint, the considerations according to each format of transaction are as follows:

1. Non-face-to-face transactions

With regard to the explanation of Significant Matters in non-face-to-face transactions such as those through the Internet, ATM, Answer System, etc., it is necessary to take suitable measures according to respective transaction format with reference to the following examples.

(1) Transactions on Internet

For an explanation method for the Internet transaction, the following can be considered as examples:

- (i) At the time of account opening, etc., an investment management company shall explain the Significant Matters orally, in writing, or by any other means prior to conducting any transaction; and
- (ii) Significant Matters shall be displayed on the homepage screen.

(2) ATM Transactions

For an explanation method for the ATM transactions, the following can be considered as examples:

- At the time of account opening, etc., an investment management company shall explain the Significant Matters orally, in writing, or by any other means prior to conducting any transaction.

(3) Answer System Transaction

For an explanation method for the Answer System transaction, the following can be considered as examples:

- (i) At the time of account opening, etc., an investment management company shall explain the Significant Matters orally, in writing, or by any other means prior to conducting any transaction; and
- (ii) Significant Matters shall be explained via the automatic voice system.

(Note) In addition to the above, in order to respond to inquiries, etc. from customers, it is possible to take actions such as establishing an inquiry counter and notifying the customers of the contact information for any inquiry at the time of account opening, etc.

2. Transactions with Corporate Customers

In case the customer is a corporation, it is recommended to explain the Significant Matters to the representative director or an authorized representative thereof (Manager of the Finance Department, etc.). In addition, it is necessary to obtain an expression of intention not to receive any explanation from such representative.

When an intention not to receive any explanation is expressed, such expression is considered to be a corporate expression of intent and thus, not affected by any personnel change regarding the representative director or the authorized representative.

3. Transactions under General Transaction Agreements

As for the General Transaction Agreement, it is considered that at the time of concluding such Agreement, the parties thereto have agreed to perform the General Transaction Agreement on a regular and routine

basis thereafter. Consequently, it is considered unnecessary to explain the Significant Matters at the time of subsequent regular and routine transactions once the explanation of Significant Matters has been made prior to the conclusion of the Agreement.

However, it is considered necessary to provide the relevant explanation when any provision of the Agreement is to be revised.

#### VIII. Prohibition of Provision of Conclusive Evaluations by Financial Instruments Distributors, etc.

Under the Financial Instruments Sales Act, when a financial instruments distributor, etc. carries out sales, etc. of financial instruments on a regular basis, the relevant financial instruments provider, etc. must not engage in the act of providing a customer with conclusive evaluations on uncertain matters or with information that misleads the customer into believing the certainty of the uncertain matters with regard to the matters related to the relevant sales of financial instruments (hereinafter referred to as the “provision of conclusive evaluations, etc.”) at or before the time that the sale of financial instruments is carried out.

(Article 4 of Financial Instruments Sales Act)

#### IX. Relationship to Other Laws, Regulations, etc.

##### 1. Relationship to Accountability under FIEA

Notwithstanding the obligation of explanation under the Financial Instruments Sales Act, the investment trust management company must comply with the obligations set forth in the provisions of the FIEA, the Act on Investment Trusts and Investment Corporations, related governmental and ministerial ordinances, and the operational rules of the Investment Trust Association.

However, it is also possible to make an explanation under the Financial Instruments Sales Act, as well as these laws and regulations, and the Operational Rules and other Rules of Investment Trust Association. For example, if the prospectus of each beneficiary certificate contains the Significant Matters as provided for in the Financial Instruments Sales Act, an explanation pursuant to the Financial Instruments Sales Act may be made using such a prospectus.

##### 2. Relationship to Principles of Suitability

Apart from performing the obligation of explanation under the Financial Instruments Sales Act, an investment trust management company shall endeavor to conduct solicitation activities for an investment suitable to the intention and actual circumstances of a customer in light of such customer’s knowledge, investment experience, investment objectives, financial status, and purpose for concluding such contract for the specific financial instrument.

##### 3. Relationship to General Principles of Civil Law

The Financial Instruments Sales Act provides for liability for damages, etc. of the Financial Instruments Distributor, etc. in the event of any damage to a customer arising from the failure to explain the Significant Matters or provision of conclusive evaluations, etc., on the part of the Financial Instruments Distributors, etc., thereby alleviating the burden of proof on such customer in court. Consequently, the Financial

Instruments Sales Act does not prevent claims for damages based on the general principles of the Civil Code.

Accordingly, an investment trust management company should pay attention to the judicial precedents that have been accumulated in connection with the offering, etc. of beneficiary certificates and should consider the investment experience, objectives, financial resources concerned with the relevant customer, the nature of the product, and the format of transactions so that such customer can correctly recognize the risk inherent in a specific transaction.

End.

Supplementary Provision

The Guidelines come into effect on April 1, 2001.

Supplementary Provision

This amendment will come into effect on January 19, 2007.

Supplementary Provision

This amendment will come into effect on September 30, 2007.

Supplementary Provision

The amendments shall come into effect on October 1, 2008.

Supplementary Provision

This amendment will come into effect on March 19, 2009.



# Guidelines on Accountability of Investment Trust Management Company when Soliciting for Switchover of Beneficiary Certificates, etc.

Established on January 25, 2002  
Revised on September 21, 2007  
Revised on February 17, 2011  
Revised on January 13, 2022

## 1. Purpose of the Guidelines

The obligation to explain concerned with switchover solicitation of beneficiary certificates, etc. prescribed in Article 123, Paragraph 1, Item 9 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007; hereinafter referred to as the "Cabinet Office Ordinance") and Article 5, Item 13 of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc. is one of the requirements for soliciting a switchover of beneficiary certificates, etc. which often have long-term investment horizon and a variety of product attributes, in order to prevent such a switchover from being conducted without sufficient explanation, and to explain Significant Matters for determining whether such switchover would meet customer's needs or benefit customer's interests.

The purpose of the Guidelines is to facilitate the compliance of the Regulations by presenting the contents of the explanation concerning the accountability required for the act of soliciting a switchover of beneficiary certificates, etc. as well as giving guidance for the establishment of an internal control environment in order to perform such accountability.

## 2. Solicitations, etc. for Switchover subject to the Regulations

### (1) Solicitation activity for switchover subject to the Regulations

The act of soliciting for a switchover prescribed in the Regulations means an act of soliciting a customer to cancel a contract of the beneficiary certificates currently held by such customer, or redeem or sell such beneficiary certificates (hereinafter simply referred to as "cancellation") and to participate in an offering of other beneficiary certificates at the same time. Therefore, the Regulations are applicable to the act of soliciting for "cancellation" and "offering" as a set (switchover).

The relevant act shall not be determined based on whether or not the actual cancellation and conclusion of another contract as to the relevant offering have been made at the same time.

(Note) The following cases are considered to be switchover solicitation.

- (i) Instance where while encouraging a customer to invest fresh funds in beneficiary certificates, etc. at first, the sales representative eventually recommends such customer to purchase the such beneficiary certificates, etc. using the funds obtained from selling other beneficiary certificates, etc. currently held by such customer;
- (ii) Instance where a sales representative solicits a customer for sale of an investment product and purchase of another investment product as a package through telephone calls, visits, etc., and actual purchase and sale are conducted via the Internet;

- (iii) instance where a sales representative solicits a customer for sale and purchase of investment products as a package and funds for the purchase of the relevant beneficiary certificates, etc. are transferred from an investment trust such as MRF or MMF, which are not subject to the Regulations;
- (iv) instance where a sales representative solicits a customer for sale and purchase of beneficiary certificates, etc. as a package during the consultation that such customer has asked for on his/her asset management; and
- (v) instance where a sales representative solicits a customer for sale and purchase of investment products as a package and funds for the purchase of the relevant beneficiary certificates, etc. are appropriated by the sale of other product(s) (or by a separate fund) (or instance where the sale proceeds are once returned to the customer before being deposited again as the purchase payment).

The following examples are not considered to fall under the category of switchover solicitation. However, it should be noted that the following examples could also be regarded as switchover solicitation depending on the actual circumstances of solicitation to a customer.

- (i) Instance where a customer has invested a fresh fund in beneficiary certificates, etc. recommended by a sales representative, and after the conclusion of such transaction, the sales representative recommends a sale of other beneficiary certificates, etc. when consulted by the customer about his/her needs for new funds;
- (ii) instance where a sales representative recommends to a customer to invest fresh funds in beneficiary certificates, etc., and such customer concludes the purchase contract thereof and sells another investment trust to fund the purchase of such investment recommended at the customer's own discretion (without any solicitation for sale from the sales representative) prior to the delivery date (payment date); and
- (iii) Instance where it is evident that there is no solicitation from a sales representative and a customer gives instruction to sell the designated investment trust and purchase another trust.

(2) Beneficiary certificates, etc. subject to Regulations

Beneficiary certificates, etc. subject to the Regulations are other than those set forth in Article 65, items (ii) (a) through (c) of the Cabinet Office Ordinance (e.g., MMF, MRF).

3. Contents, etc. of Explanation

In soliciting switchover, it is necessary to explain Significant Matters which may affect customers' investment decisions, with the following considerations in mind:

- In case of soliciting switchover, considering in advance the respective product attributes of the beneficiary certificates, etc. to be sold and the beneficiary certificates, etc. to be acquired, the customer's needs, benefits to be gained and other factors in connection with such switchover, comprehensively examine whether such switchover will be suitable for the customer's investment policy, what kind of risk and expenses will be incurred to the customer, and whether the customer can correctly understand the purpose of such switchover among other matters.
- When, as a result of the examination described above, it is judged that it is reasonable to make switchover

solicitation to the customer, in addition to the explanation in the prospectus of the beneficiary certificates, etc. to be acquired, explanation shall also be given on matters necessary for the customer to determine whether such switchover is reasonable in light of his/her own investment policy.

- The content of explanation as well as the materials and time required for such explanation at the time of soliciting switchover vary depending on the attributes and investment experience of the customer in addition to the nature of the beneficiary certificates, etc. concerned. Therefore, such explanation shall be made in a manner deemed appropriate in accordance with the degree of understanding of the customer to be solicited.

#### 4. Establishment of Internal Control System

Acquisition and redemption of beneficiary certificates, etc. by customers are conducted on a daily basis, and it is assumed that each company is conducting necessary monitoring. Monitoring shall be conducted in particular with regard to solicitation for switchover in order to assure that explanation to customers is being appropriately performed according to the purport of laws and regulations, Comprehensive Guidelines for Supervision and the voluntary regulations of the Association.

Each member company shall properly perform its obligation of explanation in light of its business operations and solicitation methods (branch counter, customer visit, telephone, etc.), and shall establish a system to check whether such solicitation meets customer's needs and whether such solicitation for switchover is conducted for customer's benefit not only by paying attention to individual solicitation activities and transactions but also by performing broader examination of such solicitations and transactions.

#### 5. Others

##### (1) Development of overall internal control system in relation to beneficiary certificates, etc.

In view of the fact that there are a large number of beneficiary certificates, etc. designed on long-term ownership and in order to ensure thoroughly customer-oriented marketing practices, it is desirable to develop an overall internal control system as regards to any offering of beneficiary certificates, etc. in addition to such internal control system concerned with accountability according to the Guidelines. As specific examples, the following can be considered.

##### (i) Establishment of internal rules, etc.

[Content] Regarding switchover between beneficiary certificates where their basic investment policy and investment assets are similar or any repeated switchovers within a short period of time regardless of their respective assets to be invested, internal rules and other relevant matters shall be established to ensure thoroughly customer-oriented marketing practices, taking into full consideration economic rationality concerning such switchover as well as customers' needs and interests.

##### (ii) Implementation of monitoring

[Content] In order to ensure thoroughly customer-oriented marketing practices based on their needs and interests as well as economic rationality and suitability to the customer concerning such switchover, the member company shall conduct monitoring especially for switchovers between the

funds of similar characteristics or repeated switchovers in a short period of time.

(2) Relationship with other Laws, Regulations, etc.

(i) Explanation using prospectus

In general, when soliciting customers to subscribe for beneficiary certificates, etc., it is necessary to explain matters according to the contents of prospectus other than the “Significant Matters” as regards to switchover solicitation.

(ii) Relationship to principle of suitability

From the viewpoint that the explanation of “Significant Matters” as regards to switchover solicitation shall be made in consideration of the principle of suitability for investment, it is necessary to sufficiently understand investment experience, investment purpose, financial resources, etc. concerned with the relevant customer and to conduct solicitation for investments suited to such customer’s intention and actual circumstances.

In addition, when the Transaction Commencement Criteria is established, it is necessary to confirm that such Criteria is met before conducting any solicitation activities.

End.

Supplementary Provision

This amendment will come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on April 1, 2011.

Supplementary Provision

This amendment shall come into effect on January 13, 2022.

\* The amended provisions are as follows:

Revisions to Article 1.

Deletion of Article 2.

Addition of (Note) to Article 2 (Formerly Article 3).

Revisions to Articles 3, 4 and 5 (Formerly Articles 4, 5 and 6)

Deletion of "Attachment" and "Reference".

Interpretation concerned with Article 6-3 of the Regulations for Direct Offering, etc.  
of Beneficiary Certificates, etc.  
(Guidelines for Sales through Solicitation to Elderly Customers)

Established on December 19, 2013  
Revised on October 13, 2016  
Revised on July 8, 2021

The thinking behind the establishment of internal rules as provided for in Article 6-3 (effective as of December 19, 2013) of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc. (hereinafter referred to as the “Regulations for Direct Offering, etc.”) is as follows:

1. Establishment of Internal Rules

Q1: We believe that any investment solicitation should be made in compliance with the principle of suitability not only for elderly customers but also for all customers. Why do we need to develop internal rules specifically for elderly customers?

A: It is generally accepted that older people may have diminished capacity for memory and understanding in addition to physical decline. Moreover, elderly people have few opportunities for fresh income, and their assets are likely to be applied for future living expenses. There are cases where elderly customers with lots of investment experience in the past who had no change in appearance and seemed to have sufficient understanding at the time of solicitation do not remember at all the transaction they engaged in after a few days. As a result, complaints have been filed by the persons concerned or their family members, leading to mediation or litigation. Therefore, for soliciting investment from elderly customers, it is necessary to establish internal rules in accordance with the circumstances of each member company in order to take a prudent approach based on the principle of suitability for investment.

Internal rules here include various guidelines, etc. established by each member company (the same shall apply hereinafter). In addition, as long as the contents to be provided in the internal rules are satisfied, it is not always necessary to create independent internal rules for this specific matter, and existing internal rules may be amended accordingly.

Q2: In establishing internal rules, what should be specified?

A: Actual situations surrounding the transactions with elderly customers may vary depending on the type and size of Full Members and characteristics of each investment trust. Accordingly, internal rules shall be set forth in accordance with the prevailing circumstances of each member company. However, it is necessary to have a certain degree of alignment among our member companies, because any major difference in their approach to solicitation of the elderly customers may cause them confusion when they deal with multiple Full Members.

Therefore, when establishing internal rules, at least the following matters shall be prescribed in accordance with the actual circumstances of each member company with reference to the “Interpretation concerned with Article 6-3 of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

(hereinafter referred to as the “Guidelines”).

(i) Definition of elderly customer

Define, based on their age, the scope of the customers for whom a more prudent approach to solicitation is considered necessary. As a guide, it may be considered that the customers at or over the age of 75 should be selected as the subject group with even more prudent approach to be applied to those at or over the age of 80 when any solicitation is made.

Furthermore, please set forth in the internal rules those who can be excluded from the application of the Guidelines, as well as the specific methods and procedures to determine those who can be excluded.

→ Please refer to “2. Definition of Elderly Customer.”

(ii) Scope, etc. of products that can be solicited to elderly customers

Specify the range of products that can be solicited to elderly customers without the prior approval of a manager. If solicitation of products outside of such scope is made possible by the prior approval of the relevant manager, please also specify procedures and conditions therefor.

→ Please refer to “3. Products for sale through solicitation to elderly customers.”

(iii) Solicitation in accordance with the location and method thereof

Please provide internal rules respectively for each of face-to-face solicitation (customer visit), solicitation by telephone, and solicitation at the branch counter.

→ Please refer to “4. Location and Method of Solicitation.”

(iv) Communication and confirmation of the details of a transaction, and continuous condition check of the elderly customer

Regarding the communication and confirmation of the details of a transaction, and continuous condition check, please specify “type of customers,” “frequency,” “method,” and “person who is in charge of such communication, confirmation, and condition check” according to the risk level of the customers.

→ Please refer to “5. Communication and Confirmation of Details of Transaction and Continuous Condition Check.”

(v) Monitoring

Please provide for monitoring the procedures, etc. described in (ii) through (iv) above.

→ Please refer to “6. Monitoring.”

Q3: Do we need to revise our internal rules to reflect the revisions made to the Guidelines in August 2021?
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A: At the time of revision to the Guidelines in August 2021, descriptions have been added regarding the interpretation of elderly customers who are not subject to the Guidelines, changes in the method of communication after the execution of a contract, and the idea on continuous condition check of the elderly. In light of these revisions, it may be advisable to revise the existing internal rules if they do not conform to the intent of the Guidelines or fail to satisfy the matters to be specified.

On the other hand, if the current internal rules are in accordance with the revised Guidelines and satisfy the requirements to be provided, no revision is necessary.

## 2. Definition of Elderly Customer

Q1: How should the definition of “Elderly Customer” be provided for?

A: The purpose of establishing Article 6-3 of the Regulations for Direct Offering, etc. is to assure appropriate solicitation of investment, etc. when conducting sales solicitation to elderly customers. Therefore, please specify based on their age the scope of the elderly customers for whom a more prudent approach to solicitation is considered necessary. As a guide, it may be considered that the customers at or over the age of 75 should be selected as the subject group with even more prudent approach to be applied to those at or over the age of 80 when any solicitation is made.

If a trading agent system has been established, it is necessary to apply the internal rules not only to account holders but also to the trading agents if such trading agents are elderly. Incidentally, where an account holder is an elderly customer and his/her trading agent is not, please provide for in accordance with the actual circumstances of such a trading agent system at each member company.

Q2: When internal procedures are to be established for solicitation activities to elderly customers, should the same procedures apply to all elderly customers?

A: It is considered reasonable that consideration matters may vary depending on the past investment experience, occupation, professional carriers, health conditions, etc. relevant to each elderly customer. On the other hand, in view of the fact that physical decline generally occurs with age, it will be necessary to prescribe requirements in stages according to the elderly customers’ age when establishing internal procedures so that a more careful approach to solicitation is taken as they become older.

Specifically, it is recommended to establish two sets of procedures for those at 75 years of age or older and those at 80 years of age or older in order to conduct more prudent and age-appropriate solicitation. For details, please refer to “3. Products for sale through solicitation to elderly customers” and the subsequent descriptions of the Guidelines.

However, although age serves as a certain guide, it is not an absolute standard, and therefore, it may be considered not to apply the Guidelines to certain elderly persons subject to the memory, capacity for understanding, income level, financial status, etc. of the relevant elderly customer.

For example, if all of the requirements listed in (i) and (ii) below are satisfied, it will be possible to exclude such a customer from the scope of the Guidelines with the approval of the officer, etc. in charge (\*).

\* Including managers who have been delegated authority from the officer in charge. The same shall apply hereinafter.

(i) Satisfactory memory, understanding, etc.

A customer who has proved to possess satisfactory memory and understanding to make investment decisions on a continuing basis as a result of interviews, etc. conducted at a regular interval on the following matters, while the relevant manager such as a branch manager fully understands and is satisfied with the attributes, financial literacy, and investment objectives in relation to such a customer.

○ Example of verification through direct conversation with a customer regarding his/her memory:

- Remembers the details of latest transaction, such as product and issue name; valuation loss or

- gain concerned with his/her portfolio; history of recent deposits and withdrawals, etc.;
  - Aware of the current market situation and remembers the recent price movements of investment product(s) held by him/her; and
  - Remembers the specifics of the conversations held with the relevant manager at the previous interview.
- Example of verification through direct conversation with customer regarding his/her understanding:
    - Capable of stating his/her own thoughts on market conditions and current affair news;
    - Capable of accurately explaining his/her ideas on investment, as well as features of products held by him/her while recognizing risk; and
    - Possessing computing capability in relation to investment transactions including those for commissions, yields, etc.
  - Examples of indirect verification of memory and understanding through communication with family members or through objective observations of the concerned elderly
    - Confirmation obtained from a family member as to the level of the elderly customer's memory and understanding being satisfactory; and
    - Fact that the relevant customer is engaged in an occupation, managerial position, or volunteer activities that require a satisfactory level of memory and understanding.

In checking capacity for memory and understanding, it is desirable that their memory and understanding should be checked comprehensively from as many perspectives as possible in accordance with the attributes of the customer and with reference to the examples described above.

If it is perceived during the conversation, etc. that an elderly customer experiences or is beginning to experience memory problems, such customer shall not be excluded from the application of the Guidelines.

Comprehension has a tendency to decline with age regardless of the occupations, past investment experience, and various qualifications relevant to an elderly customer. Therefore, it is necessary to make a judgment by thoroughly examining the results of verification tests described above without prejudice to the circumstances.

In order to check a customer's memory, understanding, etc., it is important not only to ask questions that can be answered by simple "Yes" or "No," but also to ask the customer to talk as much as possible. In addition, it is also necessary to be careful not to judge easily that a person has sufficient memory and understanding based only on simple greetings, short interviews, or the fact that such person has been engaged in transactions for a long time.

The above examples are merely demonstrative, and it is recommended that each member company may devise more suitable verification procedures, applying its own originality and ingenuity.

(ii) Verification of income level and financial conditions

A customer who has been confirmed by the relevant manager such as branch manager to possess sufficient level of income and/or financial assets to continue investment transactions given the risk inherent in transaction as result of examining his/her latest income level and financial conditions through an appropriate means such as the updated customer card, etc.



Separately, concerning the elderly customer who is currently the CEO, officer, etc. of a company, he/she may be excluded from the application of the Guidelines with the approval of the officer in charge, since such customer is considered to satisfy the descriptions in (i) and (ii) above, as long as the relevant manager such as a branch manager fully understands the customer's attributes, financial literacy, and investment intentions as a result of interviews with such a customer at a regular interval.

However, with regard to the elderly customer who is excluded from the application of the Guidelines, if such an elderly customer intends to invest in a product for which he/she has no experience, or suddenly make a larger investment than usual, if there has been a significant change in the income or financial conditions concerned with the customer, or if there has been any change noticed in their ability as to memory and understanding that may undermine the health of his/her investment judgment, it is necessary to take prudent actions, such as re-examining the customer's investment intention, memory, and understanding by the relevant manager such as branch manager as appropriate.

### 3. Products for sale to elderly customers through solicitation

Q1: Is it necessary to restrict the range of products available for sale to elderly customers by internal rules? Also, do we need to restrict any unsolicited orders from elderly customers?

A: When selling to elderly customers through solicitation any product with large price fluctuations, complex structures, or poor liquidity, it is necessary to examine their suitability for the relevant customer.

Accordingly, it is necessary to prescribe the scope of products available for solicitation to elderly customers as specifically as possible based on the principle of suitability, and to take a more cautious approach to other products (hereinafter referred to as the "Products Requiring Cautious Solicitation") by establishing prescribed procedures and conditions, such as obtaining prior approval from the manager when soliciting for such Products Requiring Cautious Solicitation.

"Solicitation" in the Guidelines means "explanation regarding purchase of an individual product."

In the event that an elderly customer wishes to purchase the Products Requiring Cautious Solicitation, for which no solicitation effort is made, by designating the individual product name and the quantity or amount thereof, any procedures or conditions under the Guidelines shall not apply.

Nevertheless, when an elderly customer inquires, "I want to buy an investment trust. What do you recommend?", it is necessary to respond in accordance with the prescribed procedures and conditions, since explanation of the specific Products Requiring Cautious Solicitation is regarded as solicitation.

Q2: What products are considered to be available for sale through solicitation to elderly customers regardless of the procedures or conditions specified?

A: The following products are considered to be appropriate due to their relatively small price fluctuations, low complexity of structures, and high liquidity:

- (i) Government bonds, local government bonds, government guaranteed bonds, etc.;
- (ii) Straight bonds (so-called SB);

(iii) Investment trusts investing mainly in public and corporate bonds with relatively stable management style (\*); and

\* With regard to the applicability of an investment trust that “invests mainly in public and corporate bonds with relatively stable management,” each member company shall determine such applicability with reference to the “objectives and characteristics of the fund” and other items described in the prospectus of each investment trust.

(iv) Bonds and investment trusts (\*) that conform to any of the descriptions in (i), (ii), and (iii) above but are denominated in the foreign currencies specified by the Full Members in their internal rules as having a public name recognition and sufficient liquidity when considering the circulation volume of currencies, liquidity of securities denominated in such currencies, their volatility, the size of trading spread, and the degree of customer recognition, in addition to the economic conditions, capital regulations, etc. of the countries pertinent to such currencies.

\* Although each member company shall decide the relevant currencies, as of March 2021, the U.S. dollar, the Euro, and the Australian dollar, etc. are considered to fall into this classification.

With regard to stocks, convertible bonds, ETFs and ETNs (including leveraged and inverse types), REITs, warrants, and securities-related market derivatives (listed futures and option transactions) that are listed or going to be listed on the financial instruments exchanges or the foreign financial instruments markets, despite their relatively high price fluctuation risk given the fact their product attributes are widely known and there is demand for transactions in keeping up with ever-changing price movements, it is considered that universal restriction on solicitation for such transactions is unlikely to be suitable (regarding credit transactions, any trading in connection with warrants and transactions on securities-related market derivatives (listed futures and option transactions), it is necessary to comply with the rules on investment solicitation pursuant to Article 6 of the “Rules on Investment Solicitation and Customer Management by Association Members” by the Japan Securities Dealers Association).

Separately, for investment trusts designed to track the price movements of the Nikkei Stock Average (Nikkei 225) or the Tokyo Stock Exchange Stock Index (TOPIX), since such indices are widely known and it is easy to obtain information on price fluctuations to that effect, the same argument will apply.

Therefore, it is not considered necessary to designate any of these products as Products Requiring Cautious Solicitation as provided for in the Guidelines. (However, among the above-mentioned products, there is a possibility that some company may decide to limit such products to domestic products or exclude those products with high credit risk even if they fall under the classification mentioned above).

With respect to transactions with elderly customers regarding these products, the internal rules shall not preclude such products from being subject to the prescribed procedures and conditions for sales through solicitation. If so, it is desirable to develop measures so as not to impede smooth transactions as much as possible.

Q3: Can't we make any solicitation to elderly customers for the Products Requiring Cautious Solicitation? Is it acceptable to conduct their solicitation after obtaining prior approval from the manager in charge? In that case, what are the considerations that such manager should be aware of before giving prior approval?

A: Some elderly customers have sufficient investment experience and investment fund, and want to invest in the Products Requiring Cautious Solicitation. For such customers, the member company may provide them with necessary investment information after fully confirming their investment intentions.

However, elderly people may have changes in their health conditions, and even if the sales representative in charge with whom they usually contact does not see any problem with their understanding, etc., it is possible for others to be able to find some concern for their speech and behavior.

For this reason, it is considered necessary for the sales representative to obtain the prior approval of the relevant manager each time such sales representative solicits elderly customers for the Products Requiring Cautious Solicitation. These procedures should apply to any customers at or over the age of 75 as a guide.

The prior approval of the relevant manager should not be given based on the statement from the relevant sales representative alone, but it is also necessary for such manager to examine health conditions, understanding, etc. of the elderly customer concerned through interview or telephone conversation (collectively referred to as "interviews") and to judge the appropriateness of the solicitation.

It is necessary to conduct interviews for each solicitation or at the regular interval established as appropriate according to the attributes, etc. of the customer.

The matters to be confirmed at interviews may include the following:

- Are there any health problems?
- Do the conversations make sense?
- Is there any problem with their understanding (degree of understanding on financial instruments)?
- Investment intentions, etc.

At the time of interviews, it is essential to properly check the items mentioned above instead of merely exchanging greetings or making short telephone calls in spite of the fact that proper interviews are possible.

Moreover, the contents of such interviews shall be recorded and kept to utilize them for monitoring as necessary. For recording means thereof, it is not always necessary to specify a recording medium or format. For example, if a telephone has a recording function, such recording may suffice.

In the Guidelines, the managers in charge of giving the prior approval are those persons in a position equal to or higher than a certain position designated by each member company in light of their experience and insight, and not limited to so-called operating officers, but those who have practical approval authority within the internal organizations (section, department, group, etc.). Furthermore, it is not necessary that the manager in charge of giving prior approval has to be the same person as the manager in charge of placing an order as provided for in "4. Location and method of solicitation." Reflecting their responsibilities for each situation, each member company should select such managers as appropriate.

When such a manager is also a sales representative for an elderly customer, it is desired in principle that a person senior to the relevant manager is designated to give prior approval. However, where such a manager in a certain or higher position is recognized as appropriate by the member company in light of their

professional experience and other factors, the relevant manager may make decisions on giving prior approval for the solicitation of his/her own elderly customer themselves.

Q4: Is there any procedure to be established other than the prior approval from a manager in charge? If any, what types of elderly customers should it apply to?

A: As stated in Q3, it is considered necessary to obtain prior approval from the relevant manager in case of soliciting for the Products Requiring Cautious Solicitation to elderly customers. In addition, it is considered that memory and understanding of elderly people generally tend to deteriorate as they age. Therefore, in addition to obtaining prior approval from the relevant manager for solicitation, it may be appropriate to impose restrictions on receiving orders on the day of solicitation, to designate the relevant manager to receive orders from the elderly customer, and to communicate and confirm the details of transactions, as well as to conduct continuous condition check by a person other than the relevant sales representative (person who has made solicitation), and to monitor the transactions relevant to such elderly customer.

These procedures should apply to customers aged 80 years and over as a guide. Monitoring in relation to the prior approval by a manager should also apply to the customers aged 75 years and over as a guide.

For details, please refer to “4. Location and Method of Solicitation” through “6. Monitoring.”

#### 4. Location and method of solicitation

Q1: What kind of rules should be considered when visiting an elderly customer for the solicitation of Products Requiring Cautious Solicitation?

A: Unlike solicitation by telephone with a recording function or by over-the-counter solicitation at a branch where multiple sales representatives can respond, solicitation made at the customer visit is difficult to record the details of explanation, customer’s reactions, and else. This may cause trouble at a later day of “You said it.”, “I did not.” etc. Therefore, it is necessary to record and safekeep conversations with elderly customers and their family members during the visit. For instance, with the consent of such customer and others, it is possible to record the conversations on an IC recorder or the like, or to record for safekeeping the contents of main conversations and the state of the elderly customer at the office after the relevant visit.

It may happen that such an elderly customer does not remember or understand the product attributes, etc. the next day although he/she seemed to understand them when receiving the explanation. Accordingly, in case of solicitation by visit (it is assumed that prior approval from the manager in charge has been obtained. The same shall apply to Q2 and Q3 in this section), it is considered appropriate in principle not to receive the relevant order from such customer on the day of solicitation visit, but to receive it on the day following solicitation or thereafter, regardless of its means; via telephone, visit, or over-the-counter at a branch.

In this case, such order must be received by a manager in charge instead of the sales representative who solicited the product relevant to the order on or before the previous day. This is because it is necessary to ensure that the elderly customer, who seemed to fully understand product attributes and risk at the time of solicitation visit, is placing such purchase order with full understanding of the contents of the explanation in order to avoid the situation where such customer does not remember the contents of the solicitation nor

understand the product attributes among others on the days following the solicitation.

This does not mean that the sales representative who made solicitation the previous day or before may not directly call such elderly customer. Since after a day-long examination by an elderly customer, such customer may have additional questions or matters for consultation, it may be recommended that the relevant sales representative makes an initial telephone call to answer their questions, etc., and the manager in charge will speak to the customer to receive the order and confirm the contents of such an order.

When the relevant manager makes a direct call to an elderly customer, in order not to be suspected by the elderly customer, the sales representative who makes the solicitation on or before the previous day may inform the customer in advance to the effect that “the details of the transaction will be confirmed by XX of our company over telephone tomorrow or thereafter.”

It is necessary to record and save the contents of conversations at the time of receiving orders.

When a manager is also a sales representative for an elderly customer, an order placed on or after the next day of solicitation may be received by another manager (not limited to the one who is senior to the manager who has made the relevant solicitation). However, such a manager in a certain or higher position designated as appropriate by the member company in light of their professional experience and other factors may make solicitation to his/her elderly customer and receive the orders themselves on the day following solicitation or thereafter.

Please refer to Q2 for considerations when accepting orders by telephone on or after the next day of the solicitation, and Q3 for considerations when accepting orders at the counter of a branch office. Separately, please refer to Q6 for the response in the event that an elderly customer who has received an explanation regarding the purchase of an individual product desires to purchase such product on the day of explanation.

As described above, it is considered appropriate in principle to refrain from receiving an order for the product on the day of solicitation thereof by visiting an elderly customer. However, if such elderly customer wishes to purchase the relevant product for which solicitation is made in the presence of their family member(s), the order may be accepted by receiving a purchase instruction form from the elderly customer after obtaining the signature of consent on the purchase instruction form from the family member(s) present at the solicitation to the effect that they agree on the purchase of such product.

The purpose of requesting the presence and obtaining consent of the family members in relation to the transactions with elderly customers is to have family members pay attention to the elderly customers and ensure that they have an intention to purchase the relevant products based on the sufficient understanding of the products. Therefore, each member company may define the word “family” according to this purpose.

<p>Q2: What kind of rules can be considered when soliciting an elderly customer for the Products Requiring Cautious Solicitation over the telephone?</p>
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A: In principle, it is not appropriate to receive an order for the Products Requiring Cautious Solicitation from an elderly customer on the same day of such solicitation over the telephone as is the case with that of the solicitation visit. Moreover, unlike face-to-face conversations of customer visit, it is not generally possible to have conversations simultaneously with the elderly customer and his/her family member(s).

Therefore, when conducting solicitation for the Products Requiring Cautious Solicitation by telephone, it is considered appropriate to receive an order from an elderly customer after confirming whether the contents of solicitation made are understood by such customer through making another telephone call, etc. on or after the next day of the solicitation. In this case, it is necessary for the relevant manager to receive such an order on the following day or thereafter as in the case of Q1.

It is not possible to check elderly customers' complexion or actions over the telephone. Consequently, in order to confirm whether the elderly customer fully understands the contents of the solicitation made by the sales representative, it is important to have the elderly customer talk about the matter as much as possible instead of seeking straight reply such as "yes" or "no".

Furthermore, it is considered necessary to record and store the contents of conversations at the time of solicitation and receiving the orders in order to utilize them for after-the-fact monitoring or when receiving an inquiry at a later date from the elderly customers or their family members regarding the contents of solicitation.

Accordingly, it will be effective to prescribe the provision in the internal rules to prohibit in principle a sales representative from conducting solicitation or receiving orders through his/her personal mobile phone where fixed-line telephones and corporate mobile phones with the recording function are available for use by such sales representative.

In the case of conducting solicitation by company telephone without a recording function, it is considered appropriate for the sales representative who made solicitation not to receive orders on the day of solicitation, and for a manager to receive orders from the relevant elderly customer on the next day of such solicitation or thereafter. Please refer to Q1 for the reasons and considerations.

In the case of conducting solicitation or accepting orders by company telephone without a recording function, it is considered necessary for the sales representative and the manager in charge to record the date, time, main discussion, details of orders, etc. in relation to such conversations with elderly customers.

The method of recording and the extent of content to be recorded should be determined by each member company within the scope required for subsequent monitoring and confirmation of the contents of conversations in accordance with their operational conditions, business scale, infrastructure such as IT system, etc.

<p>Q3: What kind of rules can be considered when soliciting an elderly customer for the Products Requiring Cautious Solicitation at the counter of a branch office?</p>
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A: When an elderly customer who visits a branch for investment or consultation is accompanied by his/her family, the order may be accepted by receiving a purchase instruction form from the elderly customer after obtaining the signature of consent on the purchase instruction form from the accompanying family member to the effect that they agree on the purchase of the relevant product as is the case with the Q1 of solicitation visit discussed above. In this case, the sales representative may take the order alone.

However, elderly customers may not always be accompanied by their family. Then, it would be appropriate for not only the sales representative but also a manager to attend the meeting in person and

confirm whether the elderly customer fully understands the solicitation made by such sales representative. Under such circumstances, if the elderly customer wishes to purchase the Product Requiring Cautious Solicitation solicited by the sales representative on the spot, the purchase instruction form signed by the elderly customer shall suffice.

At this time, it is inappropriate for such manager to make an active solicitation (explanation). Therefore, the manager in charge must focus solely on ensuring that appropriate solicitation is being made by the sales representative and the elderly customer fully understands such explanation.

For the solicitation at the counter of a branch as is the case with Q1, it is considered necessary to record and store conversations among the elderly customer, his/her family member, or manager present including the customer's appearances and behaviors.

On the other hand, if an elderly customer is not accompanied by his/her family and the relevant manager is unable to attend the explanation, it is considered appropriate for the sales representative to only solicit for products on the spot and to accept any order by telephone or other means on or after the next day of such solicitation. In that case, please take actions in conformity with the descriptions discussed in Q2.

Incidentally, where an elderly customer, for whom prior approval from the relevant manager has not been obtained, visits the branch alone without appointment when such manager is absent, the sales representative may conduct solicitation to the extent requested by such elderly customer when requested an explanation regarding the Products Requiring Cautious Solicitation. In this case, please report such situation to the manager in charge after the event and consult about appropriate future response. Please also refer to Q5.

Q4: Is it necessary to establish rules specifically for Internet transactions with elderly customers?
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A: With regard to the restrictions on transactions by elderly customers over the Internet, it is more concerned with the fact whether or not such solicitation prior to the transactions is pertinent to the "Sales through Solicitation" as stipulated in Article 6-3 of the Regulations for Direct Offering, etc. prior to placing orders, than the act itself of placing orders through the Internet. If the sales representative solicits an elderly customer for the Products Requiring Cautious Solicitation, regardless of the means in which the elderly customer places an order, Internet or not, such solicitation must be approved in advance by the relevant manager.

On the other hand, when an elderly customer voluntarily chooses to place an order over the Internet by logging in with his/her own ID and password and entering the product name and quantity or amount after receiving solicitation from the sales representative, the Guidelines do not apply to such order received. Therefore, procedures for confirmation and communication of orders received and transaction results by the managers on and after the next day will not be necessary.

However, despite prior approval obtained from the relevant manager before the solicitation, it goes without saying that it is contrary to the intents of the Guidelines for a sales representative to induce an elderly customer to engage in Internet transactions in order to avoid such procedures. It may be recommended to monitor whether or not any transaction involving solicitation by a sales representative with prior approval obtained from the relevant manager has been induced to be placed over the Internet by the sales

representative.

In the event that a sales representative does not conduct any solicitation for the Products Requiring Cautious Solicitation to an elderly customer and such elderly customer voluntarily engages in Internet transactions following the indication and services on the website, the Guidelines shall not apply unless the indication and services on the website provided by the Full Member are equivalent in nature and quality to those solicitations to be made by the sales representatives in terms of product examination, product selection, information gathering, and decision on purchase that is performed by the elderly customer. As of October 2015, no indication or services corresponding to the above definition have been identified.

However, it should be noted that any new type of indications and services on the Website based on new technology or the like that we have not examined at the present time may be subject to the Guidelines if such new indications and services are deemed to be equivalent in nature and quality to those solicitation to be made by a sales representative.

Q5: What should we do if we receive an order from an elderly customer at a small business office where a relevant manager is not stationed, or if such manager is absent when an order is received from an elderly customer?

A: As described in Q1, Q2, and Q3, when a family member is not present, it will be necessary for the sales representative in charge not to take an order alone but for the relevant manager to check whether or not the elderly customer understands the contents of the product before accepting the order. However, the manager may not be always available or present. In such case, it is not desirable to have an elderly customer wait for a long time.

Accordingly, it is important to develop measures in order to conduct business with elderly customers and accept their orders in a proper and smooth manner under various circumstances that may arise in a small business office, etc.

For example, when determining the responsible managers in charge of receiving orders per each section such as division, group, etc., the order of such acting managers may be prescribed for the situation where any one of them is absent. Further, if there is no relevant manager permanently stationed or an acting manager available at a business office, it should be considered to designate and authorize in the internal rules managers in a nearby branch or at the headquarters for receiving orders.

Since the role of the manager in charge is to receive orders after ensuring that the elderly customer has a sufficient understanding of the product concerned, it is not considered appropriate for an unauthorized person to receive the orders in the absence of such assigned manager.

Naturally, any person who is not a registered sales representative shall not receive any order, because the act of receiving an order is regarded as an act of sales.

Q6: For each case of solicitation by customer visit, telephone, or at the counter of branch office, if an elderly customer wishes to make a purchase of the Products Requiring Cautious Solicitation on the day of such solicitation, how should we respond?



A: In principle, it is considered appropriate to receive orders from elderly customers on the day following solicitation or thereafter for the Products Requiring Cautious Solicitation.

However, given the possibility of problems arising from taking a uniform approach, it is considered that there may be cases to be excluded from the procedures mentioned above where such an elderly customer sufficiently understands the characteristics of the relevant product with the past investment experience in the products of the same kind and has unavoidable reason to request purchase on the day of solicitation.

However, the scope of the exception must not be set so wide as to injure the intent of establishing the internal rules for solicitation to elderly customers.

Example of exceptional cases to be permitted may include the following; however, each member company should properly specify such cases in light of its business conditions, size, customer distribution, etc.

Furthermore, it should be noted that all cases are subject to the prior approval of the relevant managers in charge and that the sales representatives must be assured that there are no issues concerned with the elderly customers' health and their understanding of the products.

Even in the following exceptional cases, if such elderly customer intends to purchase a type of product for which she/he has no investment experience in the past or intends to make an investment that is significantly larger in monetary amount than those of the past, it is necessary to take prudent actions as follows: for the sales representative to consult the relevant manager on the appropriateness of the order received on the same day of solicitation and for such manager to confirm the customer's intention if appropriate.

<Exceptional cases where same-day order can be accepted>

- Where proposal is made for a purchase on the following day of solicitation for the Products Requiring Cautious Solicitation, a customer wishes to purchase the product on the same day due to unavoidable reason for the request of same-day purchase while fully understanding the product attributes (e.g., the customer will be absent from the next day due to travel; additional purchase of the same product already held by such customer, so-called roll-over investment after the redemption of the product held by the customer including the instance where proceeds are temporarily deposited into an MMF denominated in the same currency, etc.).

#### 5. Communication and confirmation of the details of a transaction, and continuous condition check

Q1: When, how, and by whom should the communication and confirmation as to the details of a transaction be usually made when solicitation for sale was made to an elderly customer aged 80 or over?
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A: As a general rule, when conducting solicitation and entering into a contract with elderly customers aged 80 years or more for any Products Requiring Cautious Solicitation, the sales representative shall conduct solicitation with the prior approval of the relevant manager in accordance with its internal rules, and enter into the contract after allowing the customer a period of contemplation for such solicitation and the customer intention being confirmed by the manager. However, the elderly customer may become uncertain about the transaction due to the change of his/her physical condition, memory, understanding, etc. after the event.

Therefore, it will be appropriate that a person other than the sales representative who solicited the elderly customer should contact and confirm with such elderly customer about the details of the transaction to make

sure that such elderly customer is aware of the transaction. It is not always necessary to communicate and confirm the contents of each transaction in relation to all elderly customers. Taking into account the attributes, transaction records, etc. of the relevant elderly customer, internal rules may be specified regarding the type of customers, frequency, method (including recording method) and the person who performs such duties according to the level of each customer's risk (Note 1).

Although communication and confirmation as to the details of transactions must be made by a person other than the sales representative (Note 2), it is acceptable for the sales representative to inform the elderly customer in advance of such communication from the relevant manager, etc. or to attend the meeting or telephone call to be made by such manager.

Meanwhile in the event that such elderly customer is found not to remember all or part of the contents of the contract or to have a different understanding (such as "I did not ask you to buy.", etc.) at the time of communicating and confirming the details of the transaction, it is essential to immediately report the matter to the internal control manager, etc. and consult them about future response.

(Note 1) It is possible to conduct this communication and confirmation as to the details of transactions at the same time as continuous condition check discussed in Q2. However, in such a case, as described in Q2, it is necessary for a person who is capable of making an appropriate judgment regarding the customer management and the appropriateness of transactions to do so. For example, a person who performs internal control as part of daily customer and transactions management may assume the responsibility, or a sales manager in charge of granting prior approval at the time of solicitation may assume such responsibility.

(Note 2) When a manager is also a sales representative for an elderly customer, it is considered desirable in principle for another manager to communicate and confirm the details of a transaction. However, where such manager in a certain or higher position is designated as appropriate by the member company in light of their professional experience and other factors, the relevant manager may communicate and confirm the details of the transaction to his/her own elderly customer.

<p>Q2: Do we need to conduct condition check of elderly customers on a continuing basis? And when doing so, how do we conduct continuous condition check?</p>
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A: Since memory, comprehension, physical conditions, etc. of elderly customers may change in a relatively short period of time while more prudent attention is required for their cash flow, financial assets held, and changes in investment policy, it is considered necessary for the member company to keep track of their condition.

The following may be considered as items to be examined at the time of the continuous condition check:

- (a) To check whether elderly customers fully recognize their own transactions and the current status of products held by them (e.g., market prices, valuation gain or loss, market environment, etc.);
- (b) To examine the health conditions, ability to memorize and understand in relation to making investment decisions, etc., and any changes thereto concerned with elderly customers;
- (c) To check whether there is any change in the cash flow status of and financial assets held by elderly

customers, as well as their investment policy.

Based on the review discussed in (a) through (c) above, it should be discussed whether additional measures are required for any customers subject to the Guidelines.

In addition, it is necessary for a person who is capable of customer management and making a proper judgment on the appropriateness of any transactions such as a person in charge of internal control or a sales manager, to perform the continuous condition check(\*).

With regard to the continuous condition check,

- (i) taking into account the attributes and transaction records, etc. of the relevant elderly customer, internal rules may be specified regarding the type of customers, frequency, method (including recording method), and the person who performs such duties according to the level of each customer's risk;
- (ii) It is considered acceptable for the sales representative to inform the elderly customer in advance or to attend the meeting as is the case with the communication and confirmation of the transaction details discussed in Q1.

Also, communication and confirmation of the details of the transaction discussed in Q1 may be conducted on the same occasion as the continuous condition check.

\* When a manager is also a sales representative for an elderly customer, it is considered desirable in principle for another manager senior to such manager to conduct the condition check. However, where such a manager in a certain or higher position is designated as appropriate by the member company in light of their professional experience and other factors, the relevant manager may conduct the condition check on an ongoing basis.

## 6. Monitoring

Q1: Is it necessary to perform monitoring over the sales solicitation for elderly customers? If so, what should we do?
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A: It is necessary to ensure whether the internal rules established for elderly customers are being properly implemented. Moreover, by not only conducting formalized check but also examining the details of conversations and reactions of elderly customers, we can expect the benefit of improving our business approach and preventing any trouble from occurring.

With regard to the monitoring, it is recommended to implement by combining daily and monthly inspections at branch offices with inspections and audits at regular intervals in accordance with the prevailing circumstances pertinent to the business operation and size of each member company, with the main checking items being (i) whether or not transactions are being conducted in accordance with the prescribed approval and contracting process and (ii) whether or not there is any inappropriate transaction from the perspective of suitability and reasonableness.

Specifically, the following can be considered; inspection of the transaction details, playback of the recorded conversations, reference to the meeting record, inspection of the accepted "purchase instruction form," etc. It is also considered to be effective for the internal control manager and other managers to

interview elderly customers.

Q2: What should we do in inspecting the transaction details?

A: It is important to monitor transactions with elderly customers, for example, by contract date. In light of the frequency, amount of money involved, type of products, etc. in relation to the past transactions with such elderly customers, as well as their assets under custody, it is considered possible to ascertain whether any major change has occurred to such elderly customers or whether such elderly customers are engaged in reasonable transactions or subject to aggressive solicitation by checking the records of telephone conversation, order receipts, etc. (hereinafter collectively referred to as the “Communication Records”) as appropriate in order to inspect whether such elderly customers are engaged in any doubtful transactions, such as a sudden high-value transaction or repeated transactions in a short period of time. It is also important to examine the reasonableness of transactions from the chronological viewpoint rather than from a fixed point in time.

Q3: Do we need to check compliance with internal rules for all transactions with elderly customers?

A: As to whether or not a sales representative is engaged in appropriate solicitation, it is considered desirable to examine the Communication Records of all transactions concerned with the Products Requiring Cautious Solicitation by elderly customers, by playing back records of telephone conversation among others. However, in reality, it may be difficult to check all the Communication Records. Therefore, it is conceivable to conduct monitoring of the Communication Records by selecting and specifying the elderly customers and types of products subject to such monitoring according to their attributes, characteristics, and so on. For example, you may select transactions to be monitored from the following:

- (i) High-value transactions and transactions of specially complex structure;
- (ii) Transactions of very old customers; and
- (iii) Those conducted by an elderly customer engaged in transactions frequently; etc.

In addition to reviewing the transactions relevant to the descriptions above, it will also be effective to sample elderly customers at random for the examination so that transactions concerned with a large number of sales representatives can be reviewed within a certain period of time.

Q4: Do we have any obligation to keep the Communication Records? If so, how many years should we keep them?

A: Because the Communication Records may be used not only for examining (monitoring) whether sales representatives, etc. properly comply with the internal rules, but also as confirmation materials when inquired about the situations surrounding the relevant transaction by the elderly customers themselves or their family members at a later date, it is considered desirable to set a sufficient safekeeping period according to the circumstances of each member company.

## 7. Handling of customers excluded from application of the Guidelines in accordance with Internal Rules

Q1: How should we handle the customers who are excluded from application of the Guidelines in accordance with the procedures set forth in the internal rules?

A: Those elderly customers who are excluded from application of the Guidelines in accordance with the procedures set forth in internal rules may also experience changes in their memory, comprehension, etc. over time. In addition, their financial conditions, investment policy, and others may have changed significantly.

Accordingly, it is necessary to continuously observe the transactions, etc. of customers who are not subject to the Guidelines in accordance with the internal rules, and if there is any remarkable change in the details of transactions, or if there is any sudden incidence of large deposits or withdrawals, losses, etc., the persons in the internal control division or the managers appointed by such person shall check the current status of the elderly. Where there is a change confirmed in the situation of the relevant elderly customer, the member company shall take suitable actions, such as removing the customer from the list of those excluded from the application of Guidelines and start treating him/her according to the ordinary procedures.

End.

#### Supplementary Provision

This amendment will come into effect on October 13, 2016.

\* The amended section:

4. Location and Method of Solicitation; Answer to Q4

#### Supplementary Provision

This amendment shall come into effect on August 1, 2021.

\* The amended section:

- Amendment to Q2 (i) and (iv) and Q3 of Section 1; Q2 of Section 2; Q1 and Q4 of Section 3; and heading and Q1 of Section 5
- Overall revision to Q2 of Section 5; and establishment of Section 7

# Guidelines for Notifying Total Return of Investment Trusts

Established on September 18, 2013

## 1. Provisions and Supplementary Provisions of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”

Provisions and Supplementary Provisions of the Regulations	Guidelines
<p>Article 10-2 Notification of Profit or Loss of Investment Trusts                      A Full Member must notify customers of profit or loss (referred to as “Total Return” in the Bylaws) relating to an investment trust managed by the Full Member (meaning an investment trusts managed under instructions from the settlor and investment trusts managed without instructions from the settlor; the same shall apply hereinafter in this article) through entries or records in a transfer account book as set forth in the By-laws.</p> <p style="text-align: center;">Supplementary Provision</p> <p>This amendment shall come into effect from December 1, 2014, and apply to investment trusts newly purchased by customers on or after such enforcement date.</p>	<ul style="list-style-type: none"> <li>- Specific contents concerning the notification of Total Return of investment trusts are set forth in the By-laws, and such By-laws are also part of the “Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.”</li> <li>- These Guidelines, on the other hand, summarize the practical treatment and considerations regarding the notification of the Total Return of investment trusts.</li> </ul> <ul style="list-style-type: none"> <li>- For investment trusts newly purchased by customers on or after the effective date of the Revised Regulations (December 1, 2014), the Total Return shall be notified. Therefore, from the effective date of the Revised Regulation, accumulation of data to be contained in the Total Return notification must begin (the effective date of the Revised Regulations is not the date of commencing the notification). For example, a company whose base date of calculation is December 31 needs to give an initial notification of Total Return on any investment trust newly purchased by a customer between December 1, 2014 (the effective date of the Revised Regulations) and December 31, 2014.</li> <li>- In the event that a customer purchases the same investment trust held by such customer prior to the effective date of the Revised Regulations again after such effective date (additional purchases), the Total Return may not be accurately calculated, and therefore the notification of Total Return for such purchase is not required, and may be determined at the discretion of each Full Member (see below). However, the Total Return shall be notified for any investment trust newly purchased (new purchase) after the effective date of the Revised Regulations.</li> <li>- The handling of investment trusts held by customers prior to the enforcement date of the Revised Regulations shall be determined by each Full Member to act on its own initiative. However, for investment trusts newly purchased by customers after the date of revision concerned with the Regulations (September 18, 2013), the Full Members shall endeavor to notify the Total Return of the relevant investment trusts. In the event that it is difficult to go back to the date of revision of Regulations with respect to the notification requirement, each Full Member shall designate a practical date for the response and endeavor to notify a customer of the Total Return of investment trust newly</li> </ul>

Provisions and Supplementary Provisions of the Regulations	Guidelines
	<p>purchased by the customer after such designated date.</p> <ul style="list-style-type: none"> <li>- With regard to investment trusts purchased prior to the date of revision of the Regulations, it is desirable that each Full Member actively works to implement such changes to an extent possible after examining the necessity of any change from the existing notification currently in place and the size thereof as well as the possibility and ease of integrating past data, the cost required for such integration, and so on.</li> <li>- With regard to the treatment of investment trusts held by customers prior to the enforcement date of the Revised Regulations, rather than treating all investment trusts in a uniform manner, each Full Member may designate different dates subject to the new notification provision according to the types of investment trusts; e.g., distribution type, reinvestment type, monthly distribution type, and so on.</li> </ul>

2. By-laws of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.

(1) Scope of subject investment trusts

Contents of the By-laws	Guidelines
<ul style="list-style-type: none"> <li>(i) Notification of the Total Return shall be given for those investment trusts where the public offering of securities (as defined in Article 2, Paragraph (3) of the Financial Instruments and Exchange Act; (Act No. 25 of 1948; hereinafter referred to as the “FIEA”)) was conducted among all investment trusts (meaning investment trusts as defined in Article 10-2 of the Regulations; the same shall apply hereinafter), which are managed by Full Members through entries or records in a transfer account book.</li> <li>(ii) Notwithstanding (i) above, the following investment trusts may be excluded from the requirements for the Total Return notification. <ul style="list-style-type: none"> <li>(a) An investment trust that was being traded on the Financial Instruments Exchange Market at the time of the customer’s purchase</li> <li>(b) Investment trusts purchased by a customer as investment assets under a discretionary investment contract (meaning contracts as defined in Article 2, Paragraph (8), Item (xii) (b) of the FIEA)</li> <li>(c) Investment trusts listed in the provisions of Article 65, Item (ii) (a) through (c) of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- The By-laws shall apply to publicly offered investment trusts but not to privately placed investment trusts.</li> <li>- The so-called ETF (Exchange Traded Fund) and listed REIT (Listed Real Estate Investment Trust) may be excluded.</li> <li>- When the investment trust was listed at the time of purchase by a customer, such trust may continue to be excluded from the notification requirement even if such trust is delisted thereafter.</li> <li>- Investment trusts held under the so-called SMA, Wrap Account, etc. may be excluded from the scope of application.</li> <li>- The so-called MRF and MMF may be excluded.</li> </ul>

Contents of the By-laws	Guidelines
<p>(d) Bond investment trusts (meaning investment trusts as defined in Article 13, Item (ii) (a) or (c) of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000))</p> <p>(e) Umbrella investment trusts (meaning an investment trust managed as a single fund combining multiple sub-funds under management), which satisfy all of the following requirements.</p> <p>a. Funds that include two or more of sub-funds among those actively investing in derivative products for other purpose than hedging and to be linked either positively (bull-type fund) or negatively (bear-type fund) (including those aiming a positive or negative correlation of a certain multiple) to various indices, assets, etc., according to their investment trust contracts, etc.; sub-funds that are provided for to function as temporary reserve fund to ensure the stable management (money pool fund)</p> <p>b. Funds where switching between sub-funds is possible (including sub-funds other than those described in a. above ; the same shall apply to c. below)</p> <p>c. Funds that do not include sub-funds that make distributions more than twice a year</p> <p>(f) Investment trusts and the so-called Million Investment Trusts that are deemed to be a savings contract under the workers' property accumulation savings system (as defined in Article 6; Paragraphs (1), (2), and (4) of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971)) and for which the amount of deposit, etc. shall be notified periodically (as provided for in Article 13-20 of Enforcement Order for the Workers' Property Accumulation Promotion Act (Cabinet Order No. 332 of 1971))</p> <p>(g) Investment trusts purchased using funds contributed by a defined contribution pension plan (meaning a defined contribution pension as defined in Article 2, Paragraph 1 of the Defined Contribution Pension Act (Act No. 88 of 2001))</p> <p>(h) Investment trusts for which a purchase agreement has not been concluded between the relevant Full Member and the customer Provided, however, that investment trusts succeeded as result of a merger between Full Members or a company split shall be handled as described in (iii) below.</p>	<p>- Since foreign investment trusts are not included in the provisions, foreign public and corporate bond investment trusts cannot be excluded from the scope of application.</p> <p>- The so-called bull-bear fund often has a money pool fund under the umbrella as reserve fund, and all sub-funds under the same umbrella including such money pool fund may be excluded from the scope of application. However, with respect to all umbrella investment trusts that hold any sub-fund that makes distributions more than twice per year in addition to the bull-bear fund, all sub-funds are subject to the Total Return notification. Also, any investment trust consisting solely of a bull-type fund (or solely of a bear-type fund) is subject to the notification requirement of Total Return.</p> <p>- Investment trusts acquired as a result of inheritance by, or transferred from other companies (including a transfer as result of business transfer) to the relevant customer, may be excluded from the scope of application because such customer has not made a purchase at the relevant member company. However, the market price, etc. on the date of their receipt into such customer's account may be applied as the purchase price for the purpose of Total Return notification.</p>



Contents of the By-laws	Guidelines
<p>(i) Investment trust transferred between the accounts held by the same member company</p> <p>(j) Investment trust held by a customer for more than ten (10) consecutive years</p> <p>(iii) Notification of the Total Return for investment trusts held by customers that have been succeeded as a result of a merger between Full Members or a corporate split shall be provided by the surviving company or the successor company.  In this case, notification of the Total Return shall be given for the entire period during which the customer holds such investment trust. However, if it is difficult to transfer the relevant data, the purchase price may be determined by applying the market price, etc. on the date of receipt of such investment trust into the customer's account, or the accumulated distribution received prior to such receipt may be excluded from the calculation of the Total Return.</p>	<ul style="list-style-type: none"> <li>- In the event of a transfer from a tax-exempt account (NISA account) to a taxable account or a transfer between the accounts held by the same member company, investment trust after such transfer may be excluded from the scope of application.</li> <li>- Even if the customer makes an additional purchase, it may be excluded from the scope of application as long as such customer continues to hold such investment trust for more than ten (10) years since the initial purchase.</li> <li>- At its own discretion, a Full Member may elect to notify the Total Return of such investment trust held for more than ten (10) years. In this case, it is not necessary to follow the methods set forth in the By-laws concerning the calculation and notification.</li> <li>- In the event of a merger or a company split, the successor company is considered to take over the customers' information, but on the assumption that it may be difficult to take over such information due to differences in the systems used, etc., it is accepted that the market price, etc. on the date of receipt shall be used as the purchase price, or that the accumulated distribution received prior to such receipt may be excluded from the calculation of the Total Return.</li> <li>- With regard to the handling of (1) Scope of subject investment trusts, (i) through (iii) above, an environment shall be established so that customers can understand such handling (see (iii) under (6) Contents of notification).</li> </ul>

(2) Scope of subject customers

Contents of the By-laws	Guidelines
<p>Individual customers (excluding professional investors).  However, Professional investors and corporate customers may be included.</p>	

(3) Method of calculating the Total Return

Contents of the By-laws	Guidelines
<p>(i) The Total Return shall be the amount calculated using the following formula:  “(a) Appraisal value” +“(b) Cumulative distribution amount received” +“(c) Accumulated sales proceeds”) –“(d) Accumulated purchase amount”</p>	<ul style="list-style-type: none"> <li>- Total Return shall be expressed in monetary amounts (not in a percentage).</li> <li>- The means of calculating the Total Return for various types of investment trusts are as follows: <ul style="list-style-type: none"> <li>(a) Umbrella Investment Trust (excluding those falling under (1) Scope of subject investment trusts, (ii)(e))</li> </ul> </li> </ul>

Contents of the By-laws	Guidelines
	<p>Calculate the Total Return for each sub-fund.</p> <p>(b) Where a customer holds the same investment trust both in a distribution account and in a reinvestment account:  Any of the following shall be acceptable:  (i) calculate the Total Return separately for the distribution account and the reinvestment account or  (ii) calculate the Total Return by combining those held in the distribution account and the reinvestment account.</p> <p>(c) Where a customer holds the same investment trust in multiple accounts  When a customer holds the same investment trust in multiple accounts such as both in a tax-exempt account (NISA account) and a taxable account, or both in a specified account and a general account, any of the following shall be acceptable;  (i) calculate the Total Return for each account or  (ii) calculate the Total Return by combining those held in multiple accounts.</p> <p>[Note 1] Investment trusts held in tax-exempt accounts (NISA accounts) are also subject to the Total Return notification.</p> <p>[Note 2] In case of transfer from a tax-exempt account (NISA account) to a taxable account, such investment trust transferred may be excluded from the Total Return notification (see (1) Scope of subject investment trusts, (ii)(i)).</p> <p>(d) Where a customer holds the same investment trust at multiple business offices or through multiple sales channels (sales channel through face-to-face transactions, Internet transactions, etc.)  Any of the following shall be acceptable:  (i) calculate the Total Return for each business office or each sales channel, or  (ii) calculate the Total Return by combining all the holdings of the same investment trust purchased at multiple sales offices or through multiple sales channels.</p> <p>(e) Where the beneficiary certificates of an investment trust are split or consolidated, or the investment trust is merged with another investment trust while being held by a customer  If beneficiary certificates are split or consolidated during the period held by a customer, the Total Return for the entire holding period of such customer shall be calculated, not after such split or consolidation.  Where investment trust is merged with another investment trust while being held by a customer, the Total Return shall be calculated for the newly merged investment trust.  In this case, it is accepted to use the market price, etc. on the date of receiving the newly established investment trust as the purchase price, or to exclude the cumulative distribution amount received made by the former investment trust from the calculation of the Total Return.</p> <p>- With regard to the handling of instances described in above (a) through (e), an environment shall be established so that customers can understand such handling (see (6) Contents of notification, (iii)).</p>

Contents of the By-laws	Guidelines
<p>(ii) The numerical value for each factor in the calculation formula for investment trusts shall be derived as follows:</p> <p>(a) Appraisal value shall be obtained by evaluating all units of the investment trust held by the relevant customer on the base date of calculation.</p> $\text{Appraisal value} = [\text{Base value on the base date of calculation}] \times [\text{Number of units held on the base date of calculation}] / [\text{Calculation unit}]$ <p>(Note) The Redemption value may be used in lieu of the base value.</p> <p>(b) Cumulative distribution amount received means sum of the distribution payments received (after tax) by the relevant customer during his/her holding period of the relevant investment trust. However, reinvested amount of any distribution from the reinvestment-type investment trust shall not be included.</p> $\text{Cumulative distribution amount received} = [\text{Cumulative sum of distribution payments received}]$ $\text{Distribution payments received} = [\text{Distribution payment for the period (distribution amount per unit} \times \text{number of units held)}] - [\text{Tax on distribution for the period}]$ <p>(Note 1) Reinvested amount of the reinvestment account may be included in the cumulative distribution amount received. Provided, however, the reinvested amount shall also be included in the accumulated purchase amount.</p> <p>(Note 2) Distribution payments received may be used on a pre-tax basis.</p> <p>(c) Accumulated sales proceeds mean the total sales amount received by the customer as a result of partial sale(s) of his/her holdings during the holding period of the relevant investment trust.</p> $\text{Accumulated sales proceeds} = [\text{Cumulative sum of sales proceeds}]$ $\text{Sales proceeds} = [\text{Redemption value}] \times [\text{Number of units to be sold}] / [\text{Calculation unit}] - [\text{Redemption fee}] - [\text{Consumption tax on redemption fee}]$ <p>(d) Accumulated purchase amount means the cumulative sum of amounts used to purchase the relevant investment trust. However, reinvested amount of any distribution from the reinvestment-type investment trust shall not be included.</p> $\text{Accumulated purchase amount} = [\text{Cumulative sum of purchase amounts}]$ $\text{Purchase amount} = [\text{Contract Price (Base value} \times \text{Number of units purchased} / \text{Calculation unit)}] + [\text{Sales commission}] + [\text{Consumption tax on sales commission}]$ <p>(Note) When reinvested amount of the reinvestment account is included in the cumulative distribution amount received, such reinvestment</p>	<ul style="list-style-type: none"> <li>- The redemption value means the amount obtained by deducting the amount retained in the trust from the base value.</li> <li>- The formula for calculating the distribution amount for the current period is for demonstration only, and other formula may be used.</li> <li>- The distribution payment received need not be the same as the so-called settlement amount at the time of payment of the distribution.</li> </ul> <ul style="list-style-type: none"> <li>- The sales proceeds may not be the same as the so-called settlement amount at the time of redemption.</li> <li>- The redemption value means the amount obtained by deducting the amount retained in the trust from the base value.</li> </ul> <ul style="list-style-type: none"> <li>- Purchase amount means the so-called settlement amount at the time of purchase.</li> <li>- With regard to investment trusts for which customers pay fees and expenses other than sales commissions at the time of purchase, the purchase amount may be calculated including such fees, expenses, and consumption tax thereon.</li> </ul>

Contents of the By-laws	Guidelines
<p>shall also be included in the accumulated purchase amount.</p> <p>(iii) For investment trusts denominated in foreign currencies, the Total Return shall be calculated in the currency (foreign currency) pertinent to such investment trusts. However, the Total Return may also be calculated on a yen basis.</p>	<ul style="list-style-type: none"> <li>- Either of following methods is acceptable: (i) calculating and notifying the Total Returns in a currency denominated (foreign currency), (ii) calculating and notifying the Total Returns on a yen basis, or (iii) calculating and notifying the Total Returns in both currencies (yen and relevant foreign currency).</li> <li>- For treatment of (3) Method of calculating the Total Return, (i) through (iii), an environment shall be established so that customers can understand such treatment (see (6) Contents of notification, (iii)).</li> </ul>

(4) Method of notification

Contents of the By-laws	Guidelines
<p>(i) Notification of the Total Return shall be made by any of the following means;</p> <ul style="list-style-type: none"> <li>(a) delivery of documents,</li> <li>(b) transmission using a facsimile machine,</li> <li>(c) transmission via email (meaning email as prescribed in Article 2, Item (i) of the Act on Regulation of Transmission of Specified Electronic Mail (Act No. 26 of 2002)),</li> <li>(d) transmission via the Internet or any other telecommunication line.</li> </ul> <p>(ii) If notification of the Total Return is provided via a method set forth in (b) through (d) of (i) above, the prior consent of the relevant customer shall be obtained for using the said method to provide notification of the Total Return. However, customers who have already agreed to receive other documents via electromagnetic means may be notified in advance of the fact that the notification of the Total Return will be delivered via such means in lieu of consent.</p>	<ul style="list-style-type: none"> <li>- Since specific methods of the notification are not set forth in the By-laws, each Full Member may notify their customers in such a manner judged to be appropriate, for example, by enclosing the Total Return notification with other documents, sending such notification alone, etc.</li> <li>- The method of displaying on the exclusive screen for each customer of the web page (screen displayed after the login) falls under the method described in (d).</li> <li>- The method of the Total Return notification for each customer may be changed, for example, from the method of “(a) delivery of documents” to “(d) Transmission via the Internet or other telecommunication line.” In this case, however, it is necessary to change the notification method after obtaining a customer consent and complying with the notification procedures in accordance with the provisions of (ii) and (iv) of (4) Method of Notification for each notification method.</li> <li>- Although any means of obtaining a consent (oral, written, facsimile, email or on the exclusive screen for each customer of the web page, etc.) may be accepted, prior consent from the customer shall be obtained concerned with the notification to be given in the manner set forth in (i)(b) through (d) of (4) Method of notification (e.g., transmission using email). In the event that notification is given by the mean set forth in (4) Method of notification, (i)(d), it may be considered that consent has been obtained by sending a written notice to the customer informing that the Total Return will be notified through the display on the exclusive screen for the customer on the website unless the customer requests in writing such notification to be given in the manner of documents delivery (as set forth in (4) Method of notification, (i)).</li> <li>- “Electromagnetic means” means “Electromagnetic Means” as defined in Article 56, Paragraph (1) of the Cabinet Office Ordinance on Financial Instruments Business, etc.</li> <li>- When applying (4) Methods of notification, (i)(d) above, a written notification to obtain the consent mentioned above (or a written notification in lieu of the consent in the proviso of the left column) and a written notification provided for in (4) Methods of notification,</li> </ul>

Contents of the By-laws	Guidelines
<p>(iii) Notwithstanding the provision of (i) above, until November 30, 2017, a Full Member may notify its customers of Total Return by responding to inquiries received from such customers regarding their Total Returns. In this case, the method of notification of the Total Return may be oral or any of the methods set forth in (a) through (d) of (i) above.</p> <p>(iv) When notifying a customer of the Total Return in the manner set forth in (i),(d) above or pursuant to the provision of (iii) above, a Full Member shall send a written notification that the customer can receive the Total Return notification in such electromagnetic means before such customer becomes able to receive the notification by such means. However, any customer who has already given consent to receive other documents by electromagnetic means may be notified by such means in lieu of written notification (the same shall apply to the notification provided for in (6) Contents of notification, (ii) below.).</p>	<p>(iv) may be combined.</p> <ul style="list-style-type: none"> <li>- When giving the notification on the exclusive screen for each customer of the company website or by replying to inquiry from a customer, advance notice in writing, etc. to the customer is required.</li> <li>- The phrase “before such customer becomes able to receive the notification by such means” means until the Total Return is transmitted to the customer through the Internet or other telecommunication line (as stipulated in (4) Method of notification, (i)) or until the customer is able to make an inquiry for the Total Return (as stipulated in (4) Method of notification, (iii)).</li> <li>- “Electromagnetic means” means “Electromagnetic Means” as defined in Article 56, Paragraph (1) of the Cabinet Office Ordinance on Financial Instruments Business, etc.</li> <li>- The consent and notification as stipulated in (4) Method of notification, (ii) or (iv) may be rendered before the effective date of the Revised Regulations.</li> </ul>

(5) Frequency of notification and base date of calculation

Contents of the By-laws	Guidelines
<p>(i) Notification of the Total Return as provided for in (4) Method of notification, (i) above shall be given at least once a year. In this case, the base date of calculation for the Total Return shall be determined by each Full Member, and the Total Return of the investment trust held by customers on such base dates shall be notified to the relevant customers.</p>	<ul style="list-style-type: none"> <li>- The base date of calculation shall be determined at the discretion of each Full Member.</li> <li>- Different notification frequencies and base dates of calculation may be applied subject to the types of sales channels; e.g., face-to-face transaction, the Internet customers, etc. Or, customers may be divided into several groups in consideration of administrative works, etc. required in relation to the notification, and the base date of calculation may be set for each group.</li> <li>- In addition to the Total Return of investment trust held by customers on base date of calculation, the Total Return of investment trust totally sold by customers during the relevant calculation period (from the day following the previous base date of calculation to the current base date of calculation) can be notified.</li> <li>- The Regulations stipulate that the frequency of the notification shall be not less than once a year. However, in consideration of customers’ needs, it is desirable for each Full Member to take a more proactive approach to the frequency of notification (e.g., to give notification at the same frequency as that of the transaction balance statement, or to give the Total Return notification once a year but give the latest calculated Total Return when inquired by a customer by calculating such Total Return every month).</li> <li>- Regarding the method of displaying the Total Return on the exclusive screen for each customer of the company website, the Total Return shall be calculated at least once a</li> </ul>

Contents of the By-laws	Guidelines
<p>(ii) When providing notification in accordance with (4) (iii) above, the Total Return shall be calculated at least once per year and the most recently calculated Total Return shall be notified.</p>	<p>year. In this case, care should be given so as not to cause the customer any misunderstanding by clearly indicating on such screen, etc. the base date of calculation. As for the contents of notification including the base date of calculation, see (6) Content of Notification, (i).</p> <p>- Where the Total Return is notified as a response to a customer inquiry, the Total Return shall be calculated at least once a year as stipulated in the Regulations. In this case, the customers shall be informed of the base date of calculation in order not to cause them any misunderstanding. As for the contents of notification including the base date of calculation, see (6) Content of Notification, (i) and (ii).</p>

(6) Content of notification

Contents of the By-laws	Guidelines																
<p>(i) The Total Return notification shall include the following items:</p> <p>(a) Name of the relevant investment trust;</p> <p>(b) Base date of calculation;</p> <p>(c) Appraisal value;</p> <p>(d) Cumulative distribution amount received and accumulated sales proceeds (notification of the total amount of receipts, which is the sum of both, is acceptable.);</p> <p>(e) Accumulated purchase amount;</p> <p>(f) Amount of Total Return;</p> <p>(g) Calculation formula of Total Return;</p> <p>(h) Statement to the effect that the amount stated in the document may not be used for calculating taxes; and</p> <p>(I) Other matters deemed necessary by the Full Members.</p>	<p>- Regardless of the means as provided for in (i)(a) through (d) of (4) Method of notification, it is necessary to give the notification of Total Return on the matters listed in the left column:</p> <p>- With regard to the terms used in (a) through (h) in the left column such as “Appraisal value,” “Cumulative distribution amount received,” “Accumulated sales proceeds,” “Accumulated Purchase Amount,” “Total Return,” any terms other than those used in (a) through (h) in the left column may be used in the notification. However, the numeric value (monetary amount) of the notification must be calculated in accordance with the provisions of (3) Method of calculating the Total Return of the By-laws.</p> <p>- Examples of notification are as follows:</p> <p style="text-align: center;">&lt;Example&gt;</p> <p style="text-align: center;">Base date of calculation: YYYY/MM/DD</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Name of Investment Trust</th> <th style="text-align: center;">Appraisal value [A]</th> <th style="text-align: center;">Cumulative Distribution Amount Received [B]</th> <th style="text-align: center;">Accumulated Sales Proceeds [C]</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">XX Investment Trust</td> <td style="text-align: center;">XXX Yen</td> <td style="text-align: center;">XXX Yen</td> <td style="text-align: center;">XXX Yen</td> </tr> <tr> <td style="text-align: center;">Accumulated Purchase Amount [D]</td> <td colspan="3" style="text-align: center;">Total Return [A + B + C -D]</td> </tr> <tr> <td style="text-align: center;">XXX Yen</td> <td colspan="3" style="text-align: center;">XXX Yen</td> </tr> </tbody> </table> <p>* The amount in this table cannot be used for tax calculation purpose such as for tax return.  [Note] The Cumulative distribution amount received [B] and the accumulated sales proceeds [C] may be combined as the Accumulated amount received.</p> <p>- The obligation to keep the past history (cross-section) in the system and the notification document is optional, and the obligation to safekeep the history of the Total Return notified in the past is not provided in the Regulations.</p>	Name of Investment Trust	Appraisal value [A]	Cumulative Distribution Amount Received [B]	Accumulated Sales Proceeds [C]	XX Investment Trust	XXX Yen	XXX Yen	XXX Yen	Accumulated Purchase Amount [D]	Total Return [A + B + C -D]			XXX Yen	XXX Yen		
Name of Investment Trust	Appraisal value [A]	Cumulative Distribution Amount Received [B]	Accumulated Sales Proceeds [C]														
XX Investment Trust	XXX Yen	XXX Yen	XXX Yen														
Accumulated Purchase Amount [D]	Total Return [A + B + C -D]																
XXX Yen	XXX Yen																

Contents of the By-laws	Guidelines										
<p>(ii) Notwithstanding (i) above, in the case of oral response to the inquiry as described in (4)(iii), if the customer has been notified in advance in writing concerned with matters described in (i), (g), and (h) above, the Full Member may notify matters described in (i), (a), (b), and (f) above as well as other matters deemed necessary by such Member.</p> <p>(iii) With regard to the notification of the Total Return, an environment must be maintained in which customers can understand the scope of investment trusts subject to the notification of the Total Return and the basis of each calculation factor in the calculation formula for the Total Return.</p>	<ul style="list-style-type: none"> <li>- The prior written notification set forth on the left column may be given in electromagnetic means in lieu of a written document to customers who have already given a consent to the provision of other documents by such manner (see (4) Methods of notification, (iv)).</li> <li>- When responding to an inquiry from a customer at the discretion of a Full Member concerned with the Total Return by other means than those listed in (4) Method of notification, (a) through (d), it is desirable to state “(a) Name of Investment Trust,” “(b) Base date of calculation,” and “(f) Amount of Total Return.”</li> <li>- The matters considered as the “scope of investment trusts subject to notification of Total Return” are, for example, as follows: <ul style="list-style-type: none"> <li>(i) Inform customers of the investment trusts that are subject to the notification (or investment trusts not subject to the notification including those that can be excluded from the notification requirement under the By-laws).</li> <li>(ii) Inform customers of from when any new purchase is subject to the notification (e.g., statement to the effect that investment trusts purchased on or after DD/MM/YY are subject to the notification.).</li> </ul> </li> <li>[Note] If the Total Return notification is given for all investment trusts held by a customer including those purchased by the customer prior to the effective date of the Revised Regulations (limited to those investment trusts subject to the Total Return notification requirement), it is not necessary to provide the customer with the environment as defined in (ii) above.</li> <li>- The matters to be considered as the “the basis of each calculation factor in the calculation formula of the Total Return” are, for example, as follows: <table border="1" data-bbox="1079 837 2042 1166"> <thead> <tr> <th data-bbox="1079 837 1326 863">Formula factors</th> <th data-bbox="1326 837 2042 863">Basis</th> </tr> </thead> <tbody> <tr> <td data-bbox="1079 863 1326 916">Appraisal value</td> <td data-bbox="1326 863 2042 916">- Calculated based on the base value (or redemption value).</td> </tr> <tr> <td data-bbox="1079 916 1326 1029">Cumulative distribution amount received</td> <td data-bbox="1326 916 2042 1029">- Calculated on an after-tax basis (or before-tax basis). - Details of any special treatment, if any, such as excluding any distribution made before the transfer of accounts in the case of such transfer</td> </tr> <tr> <td data-bbox="1079 1029 1326 1082">Accumulated sales proceeds</td> <td data-bbox="1326 1029 2042 1082">- Calculated after the deduction of commissions, etc.</td> </tr> <tr> <td data-bbox="1079 1082 1326 1166">Accumulated purchase amount</td> <td data-bbox="1326 1082 2042 1166">- Fees, etc. are included in the calculation. - Details of any special treatment, if any such, as applying a market value at the time of account transfer in the case of such transfer</td> </tr> </tbody> </table> </li> <li>- Following are examples of an environment where the customers can understand the scope of investment trusts subject to the Total Return notification and the basis of each calculation factor in the calculation formula of the Total Return (hereinafter collectively referred to as the “Scopes, etc. for Total Return”) <ul style="list-style-type: none"> <li>(i) Describe the Scopes, etc. for Total Return in the notification of the Total Return.</li> <li>(ii) When giving the notification through transmission over the Internet or any other telecommunication line, the Scopes, etc. for Total Return may be displayed on the screen of the web page.</li> </ul> </li> </ul>	Formula factors	Basis	Appraisal value	- Calculated based on the base value (or redemption value).	Cumulative distribution amount received	- Calculated on an after-tax basis (or before-tax basis). - Details of any special treatment, if any, such as excluding any distribution made before the transfer of accounts in the case of such transfer	Accumulated sales proceeds	- Calculated after the deduction of commissions, etc.	Accumulated purchase amount	- Fees, etc. are included in the calculation. - Details of any special treatment, if any such, as applying a market value at the time of account transfer in the case of such transfer
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Contents of the By-laws	Guidelines
	<p>(iii) Before or at the time of notifying the customer of the Total Return for the first time, send a written document describing Scopes, etc. for Total Return.</p> <p>(iv) Scopes, etc. for Total Return may be displayed on the Member's website and the Total Return notification may include the web page address displaying such Scopes, etc. for Total Return, and the statement to the effect that document describing such Scopes will be sent to a customer if requested by the customer.</p> <p>[Note] Regarding Scopes, etc. for Total Return, it is not necessary to inform the customers of all matters in the uniform manner, and any of the methods in (i) through (iv) above may be combined as appropriate. It is also acceptable to combine any of the methods in (i) through (iv) above according to each customer.</p> <p>- Care should be taken to use easy-to-understand terms for customers in notifying them of the Scopes, etc. for Total Return</p>

End.



# Internal Control Framework for Segregated Management

Established on June 8, 2017

## 1. Introduction

In order to secure the proper implementation of the segregated management of customer assets by members of investment trust management companies, etc. (hereinafter referred to as “members”), as provided for in Article 2, Item 1 of the Order Regarding Account Management Institutions and Articles 11 and 12 of the Regulations for Direct Offerings, etc. of Beneficiary Certificates, etc. (hereinafter collectively referred to as the “laws and regulations”), the internal control framework for segregated management has been established as guidelines for smooth preparation and operation of policies and procedures for the members to comply with the laws and regulations, etc. regarding segregated management of customer assets when they receive audit by certified public accountants or auditing firms (hereinafter referred to as “certified public accountants, etc.”) on a regular basis at least once a year on the status of segregated management of customer assets under the provisions of Article 43-2, Paragraph 3 of the Financial Instruments and Exchange Act (hereinafter referred to as the “Financial Instruments and Exchange Act”) in accordance with the provisions of Article 43-2, Paragraphs 1 and 2 of the same article.

The Internal Control Framework for Segregated Management is considered to function as a guideline for the establishment and operation of a system for compliance with the laws and regulations, etc. pertinent to the segregated management by our members, and also as a certain standard established for performing the Assurance Engagements for compliance with the relevant laws and regulations, etc. concerned with the segregated management by certified public accountants, etc. (hereinafter referred to as the “Assurance Engagements”) pursuant to No. 56 of Practical Guidelines by the Business Committee of the Japanese Institute of Certified Public Accountants; “Practical Guidelines for Assurance Engagements for Compliance with Laws and Regulations, etc. for Segregated Management of Customer Assets at Investment Trust Management Companies, etc. for Direct Offerings of Beneficiary Certificates, etc.” (June 23, 2017).

The Attachment 2 “Check items and checkpoints for segregated management of customer assets” is publicly available as the reference for each member to check the degree of achievement in relation to the internal control objectives and for the certified public accountants, etc. to apply as reference materials when performing the Assurance Engagements.

As described later, internal control should be developed and operated in accordance with the environment, characteristics, and size of the business, etc. relevant to each member. Therefore, it is not required for all members to conform to the examples as shown in Attachments 1 and 2. Rather, it is advisable for each member to establish an organizational structure according to its own circumstances, and to selectively use the relevant examples.

## 2. General Framework for Internal Control

Generally, internal control is established within a company for the purpose of enhancing the effectiveness and efficiency of business management, securing the reliability of financial reporting of the company, promoting compliance with the laws and regulations concerning business management, and protecting the assets. Internal control is considered to be performed by all persons who constitute the company.

Internal control is considered to consist of the following six elements: (i) control environment comprising of management philosophy and basic management policy, functions of the Board of Directors and Audit Committee, corporate culture, and general business practices; (ii) risk assessment function to recognize all management risks affecting the corporate objectives, to classify the nature of such risks and to evaluate the frequency and impact of their occurrence; (iii) various control activities including granting of authorities and duties, and division of duties; (iv) information and communication function to ensure that necessary information is properly communicated to the relevant departments and responsible persons as appropriate in a timely manner; (v) monitoring activities to ensure these functions to be properly monitored, evaluated, and corrected if necessary at all times; and (vi) appropriate response to internal and external IT requirements for conducting business operations based on the appropriate policies and procedures predetermined to achieve the corporate objectives.

These six elements of internal control are all necessary to achieve the objectives of internal control discussed above. Since these six elements interact with each other and function as an integral part of the management structure, they are relevant to the entire organization. Furthermore, they can be seen to be concerned with each division of an organization, each business operation, and each transaction cycle. Therefore, in order for the internal control of a division to be effective, all six elements related to the internal control objectives described above must be present.

Since internal control is established by the management themselves within an organization for the purpose of achieving the corporate objectives, the final responsibility for developing and maintaining the internal control rests with the management.

Although an internal control system is established and operated to achieve the corporate objectives, it is necessary to keep in mind the inherent limitations of internal controls as follows:

- Possible deviation in the internal control due to the error of judgment or carelessness of the person in charge of internal control,
- Inability to deal with a transaction that was not contemplated at the time of establishing the relevant internal control,
- Possible invalidation of the internal control functions through conspiracy by the person in charge of internal control and others, or
- Possible invalidation of the internal control functions as result of neglect by the internal control manager themselves.

Regarding more detailed explanation of the general framework of internal control, please refer to the “Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting” in the “Revisions concerned with the Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting and Practical Standards for Management Assessment and Audit

concerning Internal Control over Financial Reporting (opinion paper)” issued by the Business Accounting Council on March 30, 2011, and the “Report No. 315 of the Audit Standards Committee; Identification and Evaluation of Material Misrepresentation Risk through Understanding Companies and the Corporate Environment” issued by the Japanese Institute of Certified Public Accountants on May 29, 2015. These standards demonstrate the concept of materiality with respect to the misrepresentation of the financial statements. Meanwhile, Financial Instruments Business Operators have the obligation to properly manage the assets of all customers by segregated management in accordance with the laws and regulations, etc. concerning the segregated management, and the concept of materiality does not apply to their performing such obligations.

### 3. Internal Control Framework for Segregated Management

The general framework for internal control is as described above, and internal control for segregated management is a mechanism developed within a company and operated by all constituent members of such company for the purpose of complying with the laws and regulations specific to the segregated management among the laws and regulations concerned with business management.

The purpose of internal control for segregated management is to comply with the laws and regulations regarding such segregated management. More specifically, it is considered to be a scheme designed and maintained in order to achieve the following control objectives.

As to how to establish and operate an internal control structure for segregated management, in order to achieve these control objectives, it is considered that the management of each member themselves should devise ways to effectively fulfill the functions and roles of internal control described herein, taking into account the environment, the nature, and scale, etc. of the business pertinent to each member.

In Attachment 1, key control points in establishing and operating the internal control for segregated management by each member are presented as “1. General Matters,” “2. Segregated Management of Securities,” and “3. Segregated Management of Money, etc.” for each control objective. Furthermore, among these key control points, the matters related specially to accounting and book keeping are summarized as “4. Accounting and Book Keeping.”

The key control points may be regarded as specific guidelines for establishing and operating the internal controls to achieve respective control objectives. They are summarized only for demonstrative purposes, and may be supplemented, deleted, or corrected for their application as appropriate in accordance with the circumstances pertinent to individual members.

#### <Control Objectives in Internal Control for Segregated Management>

##### 1. General Matters

- (1) Directors shall recognize the importance of compliance with the laws and regulations, etc. concerning the segregated management and shall be aware of the status of the organization’s compliance with the relevant laws and regulations as appropriate.
- (2) Organizational structure, etc. for compliance with the laws and regulations, etc. concerning the segregated management has been established with each employee carrying out one’s daily duties

based on full understanding of the relevant laws, regulations, internal rules, and other matters regarding the segregated management

(3) Independent department to properly monitor the status of segregated management in an appropriate manner.

## 2. Segregated Management of Securities

### 2-1. General Matters

The officers and employees concerned shall comprehensively and accurately identify the scope of customers' securities subject to the segregated management as required by the laws and regulations, etc. concerned with such segregated management in line with the types of business and products handled by the Financial Instruments Business Operator.

### 2-2. Third-Party Custody

- (1) Customer's consent shall be obtained for having a third party safekeep the relevant securities.
- (2) The selection of a third-party organization to safekeep customers' securities shall be appropriate from the viewpoint of protecting the customers' assets.
- (3) Outstanding balance of the customers' securities subject to the segregated management shall be comprehensively grasped, and such securities are kept in a manner stipulated in the laws and regulations for segregated management (commingled custody, non-commingled custody).
- (4) Among all securities in possession of a Financial Instruments Business Operator, the substantiality of book balance and status of the segregated management concerned with the securities under custody of a third-party organization (separately for simple custody, commingled custody or joint custody) shall be verified.

### 2-3. Account Management

- (1) Among customers' securities subject to the segregated management, balance of those that are recorded in the transfer account book as prescribed in the Act on Transfer of Corporate Bonds, Shares, etc. (hereinafter referred to as the "Transfer Act") shall be comprehensively grasped, and such securities are kept in a manner stipulated in the laws and regulations for segregated management.
- (2) Among all securities in possession of a Financial Instruments Business Operator, the substantiality of book balance and status of the segregated management concerned with the securities recorded in the transfer account book pursuant to the Transfer Act shall be verified.

## 3. Segregated Management of Money, etc.

### 3-1. General Matters

- (1) The officers and employees concerned shall comprehensively and accurately identify the scope of customers' securities subject to the segregated management as required by the laws and regulations, etc. concerned with such segregated management in line with the types of business and products handled by the Financial Instruments Business Operator.
- (2) The selection of a trust bank in which a segregated customer trust account is to be established shall

be appropriate from the viewpoint of protecting customer assets.

- (3) The contract with the trust bank for establishing a segregated customer trust account shall include all the provisions required by the laws and regulations relevant to the segregated management.

### 3-2. Segregated Management System of Customer Funds

- (1) The method and object for calculation of segregated funds shall be specified, and the accuracy and completeness of the recorded data to be used as the basis of calculation, as well as the consistency with accounting book records, shall be ensured.
- (2) The necessary amount of segregated customer funds as the sum of segregated customer funds shall be calculated comprehensively and accurately in compliance with the laws and regulations, etc. concerning the segregated managements.
- (3) The necessary amount as stipulated in the laws and regulations, etc. concerning the segregated management shall be deposited in the trust account for segregated customers fund.
- (4) Any deposit and withdrawal in the trust account for the segregated customers fund shall be made in compliance with the laws and regulations, etc. concerning the segregated management following the appropriate procedures.
- (5) Procedures to periodically check the balance of account books for segregated customers fund against the balance at such trust bank account exist.

## 4. Accounting and Book Keeping

### 4-1. Account Opening, Orders Receipt, and Contract with Customers

- (1) Appropriateness of the transaction (i.e., that all customer transactions initiated are with a real counterparty and have been properly authorized) shall be ensured.
- (2) All transactions shall be entered, processed, and reported.
- (3) Any contract for the transactions shall be accurately entered, processed, and reported with respect to major trading information, such as the principal transaction or customer transaction, customer name, account number, dates and times of the orders received and contracted, product name, quantity, price, currency, amount, buy or sell, and others.

### 4-2. Settlement of Transaction with Customer

- (1) To ensure that any transfer of the customers' securities or money is made solely in connection with a valid transaction or under the proper instruction from the relevant customer with proper authorization.
- (2) To ensure that the authorized transfer of securities or money has been comprehensively accounted for the purpose of accounting and accurately recorded in the appropriate accounting item with respect to major trade information, such as the amount, quantity, product name, currency, customer name, dates, delivery information, and others.

### 4-3. Master Data and Cumulative Data

- (1) To ensure that any change to the master data (customer data such as customer name, account number, address, settlement account, product data, etc.) has been approved and completely and accurately entered into.

- (2) To ensure that any input data regarding trading transactions, receipts, and payments of securities and money are accurately recorded in the database including the customer's account ledger, the securities register under custody, the securities register per location of custody (register on securities held by the Financial Instruments Business Operator for each location of custody), etc.
- (3) To ensure that any accumulated data on trading, transfer of securities and money, and any modification thereof are consistent with the relevant items of securities register per location of custody and other related accounting books.

#### 4-4. Restrictions on Access to Assets and Records

- (1) To ensure that only authorized employees shall have access to assets and accounting book records, including master data and settlement data for money and securities.

End.

#### Supplementary Provisions

1. The Framework shall come into effect on March 31, 2018.
2. Members who have received an audit of segregated management in connection with the agreed procedural services with reference to the pre-revised version of Article 2, Paragraph 1 of the "Regulations for Proper Implementation of Segregated Management of Customer Assets" by the Japan Securities Dealers Association prior to the effective date of this Framework may conduct an audit of the segregated management on or before March 31, 2018 pursuant to the provisions then in force.

Attachment 1

Control Objectives and Key Control Points concerned with Internal Control Framework for Segregated Management

1. General Matters

Control Objectives	Key Control Points Example
<p>(1) Directors shall recognize the importance of compliance with the laws and regulations, etc. concerning the segregated management and shall be aware of the status of the organization's compliance with the relevant laws and regulations as appropriate.</p>	<p>(i) Directors understand that the segregated management system for customer assets contributes to investor protection and as such, the sound development of the securities market, while recognizing the importance of compliance with the laws and regulations, etc. concerning the segregated management.</p> <p>(ii) Regarding the status of compliance with the laws and regulations, etc. concerning the segregated management, appropriate reporting structure to the Board of Directors, representative director, compliance officer (meaning person in charge of legal compliance; the same shall apply hereinafter ), etc. has been established and is being appropriately operated.</p>
<p>(2) Organizational structure, etc. for compliance with the laws and regulations, etc. concerning the segregated management has been established with each employee carrying out one's daily duties based on full understanding of the relevant laws, regulations, internal rules, and other matters regarding the segregated management</p>	<p>(iii) In order to comply with the laws and regulations regarding segregated management, the management method and department in charge, etc. have been clearly prescribed and documented as rules, manuals, etc. In addition, a system has been established to ensure all officers and employees concerned are fully informed of such matters and is being properly operated.</p> <p>Furthermore, in the event of any change to the laws, regulations, and rules relating to the segregated management, a system has been established and is being properly operated to make all officers and employees fully aware of such change and to apply such change to the related systems and programs.</p> <p>(iv) A system has been established and is being properly operated to appropriately respond to any violation of laws or regulations detected in relation to the segregated management or any matter indicated in the inspection by the Financial Services Agency or the investigation by the Investment Trusts Association.</p>
<p>(3) Independent department to properly monitor the status of segregated management in an</p>	<p>(v) A system has been established and is properly being operated where an independent department such as an Internal Audit Division periodically verifies that the legal compliance with the laws and regulations, etc. concerning the segregated management</p>

appropriate manner.	is being properly implemented and reports the outcome of such verification to the Board of Directors, etc.
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2. Segregated Management of Securities

Control Objectives	Key Control Points Example
<p>2-1. General Matters</p> <p>The officers and employees concerned shall comprehensively and accurately identify the scope of customers' securities subject to the segregated management as required by the laws and regulations, etc. concerned with such segregated management in line with the types of business and products handled by the Financial Instruments Business Operator.</p>	<p>(i) A system has been established for concluding contracts between the Financial Instruments Business Operator and the customer as appropriate (e.g., "Custody Agreement," "Transfer Account Contract," etc.), and such system is properly functioning.</p> <p>(ii) The scope, management method, and place of custody regarding the customers' securities subject to segregated management by a member is clearly defined in compliance with the laws and regulations, etc. concerning the segregated management in line with the individual business operations and product handled while proper internal rules, etc. have been established and are being appropriately performed.</p> <p>At the same time, internal rules, etc. regarding how to respond to a new product and any change in the format of transactions, etc. have been developed and are being properly implemented.</p> <p>&lt;Reference&gt;</p> <p><u>Securities subject to segregated management</u></p> <ol style="list-style-type: none"> <li>1. Securities temporarily deposited by a customer for sale</li> <li>2. Securities deposited by a customer according to a custody agreement or a management agreement of book-entry transfer settlement account</li> </ol>
<p>2-2. Third-Party Custody</p> <p>(1) Customer's consent shall be obtained for having a third party safekeep the relevant securities.</p>	<p>(i) When securities are kept by a third-party organization (such as a securities transfer agency, other financial instruments business operator, or Japan Securities Depository Center, etc.), a system has been established to obtain consent for re-deposit from customers in accordance with a contract, etc., and such system is functioning properly.</p>
<p>(2) The selection of a third-party organization to safekeep customers' securities shall be appropriate from the viewpoint of protecting the</p>	<p>(ii) A system to examine the credit and management status of the relevant third-party organization has been established and is being appropriately operated. The following are some examples of considerations:</p> <ul style="list-style-type: none"> <li>- Criteria for selecting a third-party organization at the time of opening a new account and periodical review of such</li> </ul>



<p>customers' assets.</p>	<p>organization are provided.</p> <ul style="list-style-type: none"> <li>- Information in order to grasp the credit status of the relevant third-party organization can be obtained and analyzed in a timely manner.</li> <li>- Management conditions of the relevant third-party organization are being obtained and assessed.</li> <li>- Through external audit, etc., it is being reviewed whether the operational practices are properly conducted, and the verification results or proof thereof have been obtained in order to understand the details of such verification.</li> </ul> <p>(iii) A system to conclude an appropriate custody contract with a third-party organization in compliance with the laws and regulations, etc. concerning the segregated management has been established and is being properly operated.</p>
<p>(3) Customer securities subject to the segregated management are managed by having them under custody in the manner required by the laws and regulations for segregated management while comprehensively ascertaining the outstanding balance of such securities (commingled custody, non-commingled custody).</p>	<p>(iv) As for each method of custody agreed upon with a customer regarding such customer's securities, a system has been established and is being appropriately operated to ensure that the custody business is conducted in accordance with any of the following methods as required under the laws and regulations, etc. concerning the segregated management and that accounting and other records are kept by the Financial Instruments Business Operator.</p> <p>&lt;Simple Custody&gt;</p> <p>A third-party organization clearly separates the custody of customers' securities from that of the proprietary securities of the financial instruments business operators and keep such customers' securities in a manner that is easy to promptly identify the specific customer who owns the relevant securities.</p> <p>&lt;Commingled Custody&gt;</p> <p>A third-party organization clearly separates the custody of customers' securities from that of proprietary securities of the Financial Instruments Business Operator by such means as segregating an account for the Financial Instruments Business Operator from the one for the customers so that the securities share of all the customers can be immediately ascertained. Furthermore, securities share of each customer among such customers' securities shall be immediately identified by the books, etc. of the relevant Financial Instruments Business</p>

	<p>Operator. Securities that are jointly owned by the Financial Instruments Business Operator and the customers (securities jointly owned by the Financial Instruments Business Operator and the customers pertinent to accumulated investment products, etc.) shall be managed in such a manner that the share of each customer can be immediately determined from the books, etc. of the relevant Financial Instruments Business Operator.</p> <p>(v) With regard to securities subject to the custody of a third-party organization, a system has been established and is being appropriately operated for the Financial Instruments Business Operator to confirm that such third-party organization keeps records and carries out the custody business in compliance with the laws and regulations, etc. concerning the segregated management.</p> <p>When an external auditor of the trustee company evaluates and reports the effectiveness of the internal control over the custody business of securities concerned with such company, refer to the Paragraph 11 of the Audit Standards Committee Report 402, “Considerations when auditing enterprises with contract business” by the Japanese Institute of Certified Public Accountants.</p> <p>(vi) Even if there are no physical securities for the newly issued investment trust beneficiary certificates, a system has been established and is being appropriately operated so that the name and quantities of such securities held by a specific customer can be immediately confirmed on a customer-by-customer basis in the registry books, etc., while properly implementing the existing procedures for periodically checking and verifying the outstanding balance of such securities and documenting such verification outcome.</p>
<p>(4) Among all securities in possession of a Financial Instruments Business Operator, the substantiality of book balance and status of the segregated management concerned with the securities under</p>	<p>(vii) With regard to securities held by a third-party organization, procedures have been developed and are being appropriately performed where the balance reconciliation between the accounting book records of the Financial Instruments Business Operator and the statements of such third-party organization are conducted on a regular basis, and procedures are in place and properly operated to ensure that any discrepancy identified as a result of such reconciliation is promptly investigated and</p>

<p>custody of a third-party organization (separately for simple custody, commingled custody or joint custody) shall be verified.</p>	<p>addressed. The following are some examples of considerations: (Refer to 4-2, (2)(iii))</p> <ul style="list-style-type: none"> <li>- Collation is being performed at every transfer of the securities or at least every month.</li> <li>- Procedures are in place for addressing and reporting any discrepancy identified as a result of such collation.</li> <li>- Results of collation and full accounts thereof are documented.</li> <li>- The collation procedures are in place to ensure that all securities in the possession of the Financial Instruments Business Operator, regardless of their registered names, shall be included in such collation, and that they are identifiably recorded in the appropriate customers' accounts, etc.</li> </ul> <p>(viii) With regard to the balance of customers' securities, procedures are in place and properly performed where transaction balance statements are periodically sent to the relevant customers and any inquiry, complaint, etc. from them is properly reported and addressed. (See 4-1. (1))</p> <p>(ix) A system has been established and is being properly operated to comprehensively verify that the customer securities and proprietary securities, etc. are not mixed by completely identifying all the securities possessed by the Financial Instruments Business Operator, including not only customers securities, but also proprietary securities, etc. (such as those held in proprietary account balances, borrowed securities, and securities received as collateral for derivative transactions) and collating such securities with the custody location thereof.</p>
<p>2-3. Account Management: (1) Among customers' securities subject to the segregated management, balance of those that are recorded in the transfer account book as prescribed in the Act on Transfer of Corporate Bonds, Shares, etc. (hereinafter referred to as the "Transfer Act") shall be comprehensively</p>	<p>(i) With regard to customer securities recorded in the transfer account book pursuant to the provisions of the Transfer Act, a system has been established and is being appropriately operated to ensure that account management is being conducted and accounting book records are possessed by the Financial Instruments Business Operators in accordance with the means stipulated in the laws and regulations for segregated management.</p>

<p>grasped, and such securities are kept in a manner stipulated in the laws and regulations for segregated management.</p>	
<p>(2) Among all securities in possession of a Financial Instruments Business Operator, the substantiality of book balance and status of the segregated management concerned with the securities recorded in the transfer account book pursuant to the Transfer Act shall be verified.</p>	<p>(ii) Among all securities in possession of a Financial Instruments Business Operator, a system has been established and is being properly operated to ensure the substantiality of book balance and status of the segregated management concerned with the securities recorded in the transfer account book pursuant to the Transfer Act.</p> <p>(a) With regard to the securities recorded in the transfer account book pursuant to the Transfer Act, procedures have been developed and are being appropriately performed where the balance collation between the book records for such transfer account book, etc. of the Financial Instruments Business Operator and the statements of the relevant third-party organization are conducted on a regular basis, and procedures are in place and properly operated to ensure that any discrepancy identified as a result of such collation is promptly investigated and addressed. The following are some examples of considerations:</p> <ul style="list-style-type: none"> <li>- Collation is being performed at every transfer of the securities or at least every month.</li> <li>- Procedures are in place for addressing and reporting any discrepancy identified as a result of such collation.</li> <li>- Results of collation and full accounts thereof are documented.</li> <li>- The collation procedures are in place to ensure that all securities in the possession of the Financial Instruments Business Operator, regardless of their registered names, shall be included in such collation, and that they are identifiably recorded in the appropriate customers' accounts, etc.</li> </ul> <p>(b) With regard to the balance of customers' securities, procedures are in place and properly performed where transaction balance statements are periodically sent to the relevant customers and any inquiry, complaint, etc. from them is properly reported and addressed. (See 4-1. (1))</p>

	<p>(c) A system has been established and is being properly operated to comprehensively verify that the customer securities and proprietary securities, etc. are not mixed by completely identifying all the securities possessed by the Financial Instruments Business Operator, including not only customers' securities, but also proprietary securities, etc. (such as those held in proprietary account balances, borrowed securities, and securities received as collateral for derivative transactions) and collating such securities with the custody location thereof.</p>
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3. Segregated Management of Money, etc.

Control Objectives	Key Control Points Example
<p>3-1. General Matters</p> <p>(1) The officers and employees concerned shall comprehensively and accurately identify the scope of customers' securities subject to the segregated management as required by the laws and regulations, etc. concerned with such segregated management in line with the types of business and products handled by the Financial Instruments Business Operator.</p>	<p>(i) A system has been established and is being properly operated so that the officers and employees concerned can comprehensively and accurately identify the scope of customers' securities subject to the segregated management as required by the laws and regulations on such segregated management. Additionally, rules regarding how to respond to a new product, new customer, and any change in the format of transactions, etc. have been developed and are being properly implemented.</p> <p>(ii) A system has been established and is being properly operated so that money brought in or out by sales representative, etc. for the settlement with customers are appropriately segregated in its management.</p>
<p>(2) The selection of a trust bank in which a segregated customer trust account is to be established shall be appropriate from the viewpoint of protecting customer assets.</p>	<p>(iii) A system has been established and is being properly operated to examine the trust property management and credit status of the trust bank in which the segregated customer fund account is established. The following are some examples of considerations:</p> <ul style="list-style-type: none"> <li>- Criteria for selecting a trust bank at the time of opening a new account and periodical review are provided.</li> <li>- Information to grasp the trust property management and credit status of the trust bank has been obtained and analyzed in a timely manner.</li> </ul> <p>When an external auditor of the trustee company evaluates and</p>

	<p>reports the effectiveness of the internal control over the custody business of securities concerned with such company, refer to Paragraph 11 of the Audit Standards Committee Report 402, “Considerations when auditing enterprises with contract business” by the Japanese Institute of Certified Public Accountants.</p>
<p>(3) The contract with the trust bank for establishing a segregated customer trust account shall include all the provisions required by the laws and regulations relevant to the segregated management.</p>	<p>(iv) The contents of the trust account conform to the laws and regulations, etc. concerning the segregated management. In other words, the trust agreement specifies the following points:</p> <ul style="list-style-type: none"> <li>- The trustee shall be a trust company or a financial institution engaged in fiduciary business.</li> <li>- The Financial Instruments Business Operator shall be the settlor.</li> <li>- Customers concerned with the financial instruments business conducted by such Financial Instruments Business Operator shall be the beneficiary of the principal.</li> <li>- An agent for the beneficiary shall be appointed from the following: <ul style="list-style-type: none"> <li>(1) A representative director or any other person equivalent thereto who is responsible for the management of business execution, or</li> <li>(2) A person who has suitable qualification to supervise the execution of the fiduciary duties such as lawyer, certified public accountant, and so forth.</li> </ul> <p>When any of the events set forth in each item of Article 79-53, Paragraph 1 of the Financial Instruments Act applies to the relevant Financial Instruments Business Operator, the agent for beneficiary shall be the person set forth in (2) above.</p> </li> </ul> <p>(v) The management method of the trust property shall be in compliance with the laws and regulations, etc. concerning the segregated management. In other words, assets subject to investment are limited to the following items in the trust agreement:</p> <ul style="list-style-type: none"> <li>- National government bonds and other securities designated by the Commissioner of the Financial Services Agency;</li> <li>- Deposit in a bank or any other financial institution designated by the Commissioner of the Financial Services Agency; and</li> <li>- Other instruments designated by the Commissioner of the Financial Services Agency (e.g., call loans, trust bank account loan to a trust bank that is also a trustee, cash trusts with</li> </ul>

	principal guarantee contracts, and others).
<p>3-2. Customer Segregated Fund Management System</p> <p>(1) The method and object for calculation of segregated funds shall be specified, and the accuracy and completeness of the recorded data to be used as the basis of calculation, as well as the consistency with accounting book records, shall be ensured.</p>	<p>(i) A system has been established and is being properly operated so that the calculation of segregated customer trust funds and the segregated management of segregated fund accounts can be comprehensively and accurately performed in compliance with the relevant laws and regulations. The following are some examples of considerations:</p> <ul style="list-style-type: none"> <li>- The method and subjects of calculation concerned with the customer segregated fund are prescribed in the internal rules, guidelines, etc.</li> <li>- Measures are taken to ensure the accuracy and completeness of the recorded data required as base for the calculation of customer segregated fund.</li> <li>- Measures are taken to ensure the consistency of the accounting book records with the data required as base for the calculation of customer segregated fund.</li> <li>- In the internal regulations, etc., in addition to the Adjustment Calculation Record Date regarding segregated customer trust fund, the alternative treatment is provided for when such Record Date is a holiday (if such date is a holiday, the Record Date is to be advanced to the previous day or postponed to the next day).</li> </ul>
<p>(2) The necessary amount of segregated customer funds as the sum of segregated customer funds shall be calculated comprehensively and accurately in compliance with the laws and regulations, etc. concerning the segregated managements.</p>	<p>(ii) The Financial Instruments Business Operator has established and is properly operating a system for calculating the following segregated customer fund for each customer every day in compliance with the laws and regulations, etc. concerning the segregated management and internal rules.</p> <ul style="list-style-type: none"> <li>- Total amount of the market value (value calculated based on the last price published on the relevant day or one calculated in a reasonable manner as equivalent thereto) of money and securities to be segregated as the segregated customer fund.</li> </ul> <p>The following may be deducted from the above:</p> <ul style="list-style-type: none"> <li>* Credit held by a Financial Instruments Business Operator against a customer (which relates to an advance payment to a customer for his/her purchase of securities of whom such securities are subject to the segregated management)</li> </ul> <p>(iii) In calculating segregated customer funds for each customer, the following items need to be taken into consideration (including the</p>

	<p>customer's money held at the bank):</p> <ul style="list-style-type: none"> <li>- Money paid in from a customer as a result of transaction involving the securities. As long as the purchased securities are subject to the segregated management, the amount paid in by the customer in advance is excluded.</li> <li>- Money received by a Financial Instruments Business Operator on behalf of a customer in connection with the sale of securities that has not yet been paid out to the customer.</li> <li>- Dividends, interest, redemption proceeds, etc. received by a Financial Instruments Business Operator on behalf of a customer that have not yet been paid out to the customer.</li> </ul> <p>(iv) Procedures for a Financial Instruments Business Operator to calculate the Necessary Amount of segregated customer fund every day as sum of such funds for each customer in compliance with the laws and regulations, etc. concerning the segregated management have been established and are being properly implemented.</p> <p>(v) In the event of any failure in connection with the customer transaction, appropriate handling of managing the segregated customer fund is provided for and is consistently observed.</p>
<p>(3) The necessary amount as stipulated in the laws and regulations, etc. concerning the segregated management shall be deposited in the trust account for segregated customers fund.</p>	<p>(vi) Procedures have been established and are being properly implemented in order to collate the appraisal value of trust property in the trust account for segregated customer funds with the Necessary Amount of segregated customer funds at the frequency stipulated in the laws and regulations, etc. concerning the segregated management and to ensure the Necessary Amount of the segregated customer fund is deposited at the designated trust account of the segregated customer fund at a trust bank.</p> <p>(vii) When the segregated customer trust fund is a securities trust or a blanket trust, procedures have been established and are being appropriately implemented to confirm that the securities to be entrusted are national government bonds or other securities designated by the Commissioner of the Financial Services Agency.</p> <p>(viii) When the segregated customer trust fund is a securities trust or a blanket trust, it is clearly stated in the trust agreement that the securities under custody shall not be made available for loans.</p> <p>(ix) When a Financial Instruments Business Operator performs a</p>



	<p>calculation on the Adjustment Calculation Record Date, procedures have been established and are being implemented to ensure that the appraisal value of the securities deposited in the account for segregated customer trust fund is calculated based on the market price (value calculated based on the last price published on the relevant day or one calculated in a reasonable manner as equivalent thereto). In addition, at the time of calculation on the Record Date, procedures have been established and are being implemented to confirm that the amount is not more than the amount obtained by multiplying the market price on such Record Date by the ratio specified by the Commissioner of the Financial Services Agency.</p>
<p>(4) Any deposit and withdrawal in the trust account for the segregated customers fund shall be made in compliance with the laws and regulations, etc. concerning the segregated management following the appropriate procedures.</p>	<p>(x) With regard to any shortfall identified as result of the daily calculation of the Necessary Amount of segregated customer fund, procedures have been established and are being implemented to confirm at least once a week that funds or securities have been transferred into the relevant trust account for the segregated customer fund within three (3) business days from the Adjustment Calculation Record Date.</p> <p>(xi) Regarding the termination in whole or in part of a trust contract in relation to the segregated customer trust fund, procedures have been established and are being implemented to ensure that such termination is limited to the following cases in compliance with the laws and regulations, etc. concerning the segregated management;</p> <ul style="list-style-type: none"> <li>- In the event that the appraisal value of the principal of the trust property on the Adjustment Calculation Record Date exceeds the Necessary Amount of segregated customer fund, redemption, etc. is to be made within the amount equivalent to such excess amount;</li> <li>- In the event that redemption, etc. is made within the amount equivalent to customer segregated fund pertaining to the subscription for offering, etc. on the date of payment for such offering; or</li> <li>- In the event that redemption, etc. is made in order to transfer to another contract of the segregated customer trust fund:</li> </ul> <p>(xii) A system has been established and is being properly operated so that any deposit into or withdrawal from, the segregated customer</p>

	<p>trust fund can be made accurately based on the Necessary Amount of the segregated customer fund as of the Adjustment Calculation Record Date according to the approval procedures by an appropriately authorized officer. In addition, a system for timely, accurate, and comprehensive recording of such deposits and withdrawals has been established and is being properly operated.</p>
<p>(5) Procedures to periodically check the balance of account books for segregated customers fund against the balance at such trust bank account exist.</p>	<p>(xiii) A system has been established and is being properly operated to periodically check account balances between the statements obtained from the trust banks and member's accounting book records regarding the accounts for the segregated customer trust fund. The following are some examples of considerations:</p> <ul style="list-style-type: none"> <li>- Frequency of collation shall be at least weekly,</li> <li>- Collation is being made by an independent department, etc. that is not involved in the business of receiving and withdrawing money from the segregated customer trust fund,</li> <li>- Any discrepancy detected as a result of the collation has been investigated and resolved in a timely and appropriate manner, and</li> <li>- Collation results and details are documented and reported to a manager.</li> </ul>

4. Accounting and Book Keeping

Control Objectives	Key Control Points Example
<p>4-1. Account Opening, Orders Receipt, and Contract with Customers</p> <p>(1) Appropriateness of the transaction (i.e., that all customer transactions initiated are with a real counterparty and have been properly authorized) shall be ensured.</p>	<p>(i) New customer account has been approved by a properly authorized manager, and all necessary documentation to open such account has been obtained and filed prior to commencement of any transaction.</p> <p>(ii) Except for the instance where the delivery of documents upon the conclusion of contract (transaction statement) is not required under the relevant laws and regulations (including a delivery by electromagnetic means. The same shall apply hereinafter), the relevant documents have been delivered to the customer promptly after the execution of the contract for all transactions (including whether the authority to omit transaction confirmation has been granted to the sales representatives, etc.)</p> <p>(iii) Transaction balance statement, etc. specifying details of transfer, balance, and other items concerned with securities and money have been delivered to customers periodically or at a time</p>

	<p>of every transaction.</p> <p>(iv) Measures are taken to prevent unauthorized issuance of the delivery documents upon the conclusion of contract (transaction statement), transaction balance statement, etc. (including prevention for intentional avoidance of issuance and falsification, etc. concerned with such documents).</p> <p>(v) Customer’s inquiry, complaint, etc. concerning the delivery documents upon the conclusion of contract (transaction report), transaction balance statement, etc. are being reported, addressed, and resolved.</p> <p>(vi) Measures are taken to detect any erroneous transaction due to an erroneous order and so forth.</p> <p>(vii) The cancellation or amendment of the transaction are being made by a properly authorized manager.</p>
<p>(2) All transactions shall be entered, processed, and reported.</p>	<p>(viii) All orders received from customers are being entered into order slips and other books, approved by an officer with appropriate authority if necessary, and entered into the transaction processing system without any omission.</p> <p>(ix) Measures are taken to ensure that the contract note (execution report) is properly allocated to each transaction.</p> <p>(x) Measures are taken to ensure that all major transaction data such as the customer name, account number, date and time of order receipt and execution, product name, quantity, price, selling or buying, and others are entered without omission.</p>
<p>(3) Any contract for the transactions shall be accurately entered, processed, and reported with respect to major trading information, such as the principal transaction or customer transaction, customer name, account number, dates and times of the orders received and contracted, product name, quantity, price, currency, amount, buy or sell, and</p>	<p>(xi) Order slips and other books are being verified against the contract data. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved.</p> <p>(xii) Measures are taken to prevent any invalid account number (other than those registered under proper authorization), issue code, trading date, etc. from being accepted on the system.</p> <p>(xiii) Transactions are being confirmed with all concerned parties promptly after the execution. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved.</p>

others.	
<p>4-2. Settlement of Transaction with Customer</p> <p>(1) To ensure that any transfer of the customers' securities or money is made solely in connection with a valid transaction or under the proper instruction from the relevant customer with proper authorization.</p>	<p>(i) Any transfer of securities and money is being made only according to valid transactions or to proper customer instructions and has been approved by a properly authorized manager.</p> <p>(ii) Rules for division of duties for the following functions have been prepared and are being properly complied with.</p> <ul style="list-style-type: none"> <li>- Execution of trade</li> <li>- Trade registration into book</li> <li>- Trade confirmation</li> <li>- Transaction settlement (money and securities)</li> <li>- Balance check</li> </ul>
<p>(2) To ensure that the authorized transfer of securities or money has been comprehensively accounted for the purpose of accounting and accurately recorded in the appropriate accounting item with respect to major trade information, such as the amount, quantity, product name, currency, customer name, dates, delivery information, and others.</p>	<p>(iii) The balance of securities under custody of a third-party organization has been collated periodically against the records of such third party. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved. (Refer to 2-2, (4)(vii))</p> <p>(iv) The balance of the securities recorded in the transfer account book pursuant to the Transfer Act has been collated periodically against the records of such third party. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved. (Refer to 4-2, (2))</p> <p>(v) The scheduled settlement amount of money and securities in the transaction processing system is reconciled with the actual settlement amount in a timely manner (e.g., collation with the actual settlement amount in case of automatic slip issuance based on such scheduled settlement amount on the settlement date). In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved.</p> <p>(vi) Measures are taken to promptly discover, investigate and resolve any unidentified deposit, etc.</p> <p>(vii) Measures are taken to ensure that matters caused by any failure or securities in transit are addressed in a timely manner.</p> <p>(viii) Bank account balance is verified on a daily basis by an independent department, etc., and any discrepancy discovered is promptly investigated and addressed.</p>
4-3. Master Data and	(i) Measures are taken to ensure that any modification to the Master

<p>Cumulative Data</p> <p>(1) To ensure that any change to the master data (customer data such as customer name, account number, address, settlement account, product data, etc.) has been approved and completely and accurately entered into.</p>	<p>Data has been approved by an appropriately authorized officer.</p> <p>(ii) Appropriate person in charge shall check that any modification to the Master Data has been accurately and thoroughly made and recorded.</p> <p>(iii) A backup system has been developed in case there is an error in the system controlling the Master Data.</p>
<p>(2) To ensure that any input data regarding trading transactions, receipts, and payments of securities and money are accurately recorded in the database including the customer's account ledger, the securities register under custody, the securities register per location of custody (register on securities held by the Financial Instruments Business Operator for each location of custody), etc.</p>	<p>(iv) Measures are taken to ensure that the securities register per location of safekeeping and other book accounts have been properly updated with respect to the respective amounts (both for securities and money) at each time of commencement, contract, and settlement concerned with trading.</p> <p>(v) Measures are taken to prevent or to detect any false entry in the account.</p> <p>(vi) Daily transaction records are collated in a timely manner between the securities register per location of safekeeping and other account books. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved.</p>
<p>(3) To ensure that any accumulated data on trading, transfer of securities and money, and any modification thereof are consistent with the relevant items of securities register per location of custody and other related accounting books.</p>	<p>(vii) Balances of the customers' money and securities are being collated among the relevant books. In the event of any discrepancy identified in the collation, it is being promptly investigated and resolved.</p> <p>(viii) Balance of products held is being collated among the relevant books. In particular, with respect to the balance concerned with the proprietary holding of product, the balance based on the delivery date is collated against that based on the contract date.</p>
<p>4-4. Restrictions on Access</p>	<p>(i) Measures are taken to ensure that a delivery instruction (which</p>

<p>to Assets and Records</p> <p>(1) To ensure that only authorized employees shall have access to assets and accounting book records, including master data and settlement data for money and securities.</p>	<p>specifies the date of delivery, issue name, quantity, destination, approval stamp, etc.) is prepared, and that the securities register per location of safekeeping and other relevant books are updated based on such instruction concerned with any transfer of securities.</p> <p>(ii) Measures are taken to ensure that any revision to the books and records is being made by authorized departments and employees to enable proper check and balance function.</p> <p>(iii) Steps have been taken to ensure that any amendments to the books and records have been approved.</p> <p>(iv) Measures are taken to ensure that only authorized personnel have access to the Master Data. Measures are also taken to prevent any unauthorized access to the Master Data.</p>
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Attachment 2

Check items and checkpoints for segregated management of customer assets

- General Matters

Check Items	Check Points
1. Are internal rules, regulations, and procedures for segregated management clearly provided for?	(i) Whether internal rules, etc. are established in conformity with reality.  (ii) Concerning the adjustment of money, securities, and trust, whether administrative guidelines, etc. are established and functioning properly at the respective divisions in charge.
2. Are internal audit and inspections clearly defined and implemented on a regular basis?	Obtain guidelines on in-house audit and inspections and inquire about the subject and period of the in-house audit and inspection actually conducted.
3. Is reporting structure to a compliance officer for the segregated management (meaning the person in charge at legal compliance department; the same shall apply hereinafter) established?	Inquire whether the system for reporting the status of segregated management to the compliance officer for the segregated management is clearly specified in the internal rules, etc., and examine the records of internal audit and inspections.
4. Is there a system in place to take appropriate measures in the event of any shortage of customer segregated trust fund, improper redemption, erroneous management of securities, and so forth?	Inquire the manager in charge of segregated management about the policy for dealing with any violation of the laws, regulations, etc. relating to the segregated management. In addition, inquire such manager whether there has been any violation of the laws, regulations, etc. relating to segregated management during the past one year, and inquire about any subsequent measures taken in case of any violation.

Check Items	Check Points
5. When there has been any change in the laws, regulations, or rules relating to the segregated management of customer assets, have the details of such change been communicated to the department in charge?	Inquire the manager in charge of segregated management how to make everyone in the company fully aware of any change in the relevant laws and regulations. In addition, inquire such manager how thoroughly they have informed the persons concerned of the actions taken in response to the results in relation to the inspection by the Financial Services Agency and the investigation by the Investment Trust Association.
6. Whether appropriate measures are taken for computer programs and systems related to the segregated management of customer assets as necessary.	Inquire the manager in charge of segregated management about whether or not the computer programs and systems related to the segregated management have been modified in the past and how to adjust such programs and systems in case of any revision to the laws, regulations, etc. related to the segregated management. Furthermore, inquire such manager about how to ensure the reliability of the computer systems utilized for the segregated management.
7. Whether appropriate internal measures are being taken to protect the customer data related to segregated management.	Inquire the manager in charge of segregated management about the system to prevent any unauthorized access to the customer data related to segregated management, password control, and other related matters. Moreover, inquire such manager about the backup system in case of any system error.
8. Are appropriate measures taken for the matters pointed out in the inspections by the Financial Services Agency or the investigation by the Investment Trust Association?	Inquire the manager in charge of segregated management about the matters pointed out in the inspection by the Financial Services Agency or the investigation by the Investment Trust Association and the company's responses thereto.



I. Segregated management of money

Check Items	Check Points
<p>A. Has the necessary amount of segregated customer fund (hereinafter in this document referred to as the “Necessary Amount”) been accurately calculated?</p>	<p>Is the Necessary Amount calculated by deducting the total amount allowable for deduction from the sum of the credit balance of the customer account [Note] and the deposit related to public offering, etc.?</p> <p>Note: In case of calculating on a daily trial basis, care should be taken not to perform such calculation of the Necessary Amount by deducting a customer’s outstanding balances from another customer’s deposit balance, such as deducting advance payment to a customer (debit) from deposit from another customer (credit).</p> <p>Comprehensiveness of records: Whether all account items to be included in the Necessary Amount are subject to calculation.</p> <p>When a new account item is created, whether proper consideration is given as to the inclusion of such item in the calculation of Necessary Amount.</p> <p>Validity of records: Whether the payment received to be processed on the day is included.</p> <p>Whether any abnormal value caused by accounting error, etc. is appropriately corrected.</p> <p>Safekeeping of records: Is the process of calculating Necessary Amounts saved?</p>
<p>B. If money is entrusted in the segregated customer trust fund, is the account processing handled appropriately?</p>	<p>(i) Whether such money is accounted for in the “Segregated Customer Trust Fund,” one of the “Deposit” items.</p> <p>(ii) Whether the account is processed at the time of establishment or redemption of the segregated customer trust fund.</p>
<p>1. Are the credit balances in the customer ledger accurately calculated?</p> <p>(a) Deposits from customers; advances for purchase of securities,</p>	<p>(i) Whether the Necessary Amount is calculated in a unit of one yen.</p> <p>(ii) Whether the base sheet for calculating the Necessary Amount is prepared and checked on a daily basis.</p>

Check Items	Check Points
<p>temporary deposit from sale proceeds of securities, and so forth</p> <p>(b) Deposit related to public offering, etc.; payment receipt, etc. for public offering or private placement of securities,</p> <p>(c) Other deposits received;</p>	<p>(iii) Among deposits from customers, whether the calculation of Necessary Amount includes those that are customers' money that remains undelivered at the Branch after completing the payment process, sales proceeds of a customer returned as result of remittance error, etc., or customers' deposit to be returned to them due to cancellation of public offering.</p> <p>(iv) Whether the time limit for daily deposit processing is clearly specified in the internal rules, etc., and any deposit confirmed within such time limit is included in the calculation of the Necessary Amount of the day. In addition, whether the deposit confirmed after such time limit of the day is properly included for the calculation of the Necessary Amount on the following business day.</p> <p>(v) When any delay occurs in the delivery of the securities for sale from a customer (including a delay in transfer of paperless securities), whether the customer's deposit concerned with such sale proceeds is subject to calculation of the Necessary Amount.</p> <p>(vi) In case of accepting check (this branch, other branch, etc.) or any other equivalent to money from a customer, whether such deposit is subject to calculation of the Necessary Amount.</p> <p>(vii) Whether interests, dividends, redemption money, etc. are included in the calculation of Necessary Amount.</p> <p>(viii) In an event of any unidentified receipt detected, whether such receipt is subject to calculation of the Necessary Amount when such receipt is proved to be attributable to a customer as result of prompt investigation thereof.</p>

I. Segregated management of money

Check Items	Check Points
	(ix) In the event that collection of money for customers' purchase of securities is commissioned to a collection agency in contracts among customers, financial instruments business operator, and such agency, whether the money retained at such agency is included in the calculation of the Necessary Amount.
2. Are the deposits related to public offering, etc. accurately calculated?	(i) Whether the deposits related to public offering, etc. are subject to calculation of the Necessary Amount.  (ii) Whether the deduction of subscriptions for public offering etc. is not in excess of the deposit related to public offering, etc.
3. Is the allowable deduction accurately calculated?  (a) Advance payments (among advance payments for the purchase fund, etc., limited to those for which securities pertaining to such purchase are subject to the segregated management as set forth in Article 43-2 of the Financial Instruments and Exchange Act)	(i) Whether or not advance payment to a customer is deducted from deposit received from another customer.  (ii) Among advance payments for the purchase fund, etc., whether such advance payment is deducted in spite of the fact that the securities pertaining to such purchase have not been segregated in accordance with 43-2 of the Financial Instruments and Exchange Act.

II. Segregated Customer Trust Fund

Check Items	Check Points
<p>1. Whether a trust agreement for a segregated customer trust fund has been entered into with a Financial Instruments Business Operator as assignor and its customer as the beneficiary of the principal.</p>	<p>(i) Whether the trust agreement has been entered into between the Financial Instruments Business Operator as settlor with its customer as the beneficiary of the principal and a trust company or a financial institution engaged in trust business as trustee.</p> <p>(ii) Whether the Financial Instruments Business Operator has a beneficiary’s agent.</p> <p>(iii) Whether the beneficiary’s agent has been appointed from the following persons in order to sufficiently fulfill the required duties.</p> <p>(1) In case of internal appointment, a representative director or any other person equivalent thereto who is responsible for the management of business execution, or</p> <p>(2) In case of external appointment, a person who has suitable qualification to supervise the execution of the fiduciary duties such as lawyer, certified public accountant, and so forth.</p> <p>(iv) If a Financial Instruments Business Operator concludes trust contracts with multiple trustees, whether the beneficiary agent for these contracts is the same person.</p> <p>(v) When any of the events set forth in each item of Article 79-53, Paragraph 1 of the Financial Instruments Act applies to the relevant Financial Instruments Business Operator, whether the beneficiary agent is the person set forth in (iii)(2) above.</p> <p>(vi) When a Financial Instruments Business Operator decides to discontinue the business in relation to the Direct Offering, etc. or comes to fall under any of the events set forth in each item of Article 79-53, Paragraph 1 of the</p>

II. Segregated Customer Trust Fund

Check Items	Check Points
	<p>Financial Instruments Act, whether such Financial Instruments Business Operator is to immediately notify the beneficiary agent (meaning the beneficiary’s agent set forth in (v); the same shall apply hereinafter) to that effect.</p> <p>Furthermore, whether the beneficiary agent is to immediately notify the trustee to that effect when such agent receives notice from the Financial Instruments Business Operator.</p> <p>(vii) When any of the events set forth in each item of Article 79-53, Paragraph 1 of the Financial Instruments Act applies to the Financial Instruments Business Operator, whether it is properly provided for that the Financial Instruments Business Operator is prohibited from giving investment instructions to the trustee except for cases specifically approved by the beneficiary agent.</p> <p>(viii) If there is any change in the company name(s) (trade name), its representative, address, registered seal impression, or the address, name, registered seal impression, etc. of the beneficiary agent, whether the prescribed procedures are taken at the trustee bank, etc.</p> <p>(ix) If there is a change of the trust bank to which the segregated customer trust fund is entrusted, whether the cancellation of the existing contract and the new contract with the relevant trust bank is concluded in a manner not to cause any discontinuity in managing the segregated customer trust fund.</p>
<p>2. Concerning the segregated customers’ fund, is the balance of the trust bank is properly collated against the book balance? If there is any discrepancy between the balances, are</p>	<p>(i) Concerning the amount of segregated customers fund, whether the regular collation of balances is being performed: For example:                      Reconciliation between the Necessary Amount and the amount in the segregated customer trust fund on Adjustment Calculation Record Date (balance on the notice sent from the trust bank at a time of each trust</p>

II. Segregated Customer Trust Fund

Check Items	Check Points
<p>appropriate measures taken?</p>	<p>adjustment (e.g., “Notice on procedures for money trust”));</p> <ul style="list-style-type: none"> <li>- Verification between the deposit book balance and statements delivered regularly by the trust bank in accordance with the contract; and</li> <li>- Calculation of appraisal value in case of holding the securities in the securities trust or corporate investment fund (Tokkin fund), etc.</li> </ul> <p>(ii) Whether any instruction concerned with the establishment or dissolution of the segregated customer trust fund is being verified.</p> <p>(iii) In case of any discrepancy, whether the cause analysis thereof is performed.</p> <p>(iv) If the cause of any discrepancy cannot be determined, whether the relevant manager promptly reports the matter to the Internal Audit Division with the compliance officer, etc.</p>
<p>3. If the appraisal value of the principal of the trust property on the Adjustment Calculation Record Date is less than the Necessary Amount, whether such shortfall has been filled to the trust by the adjustment date.</p>	<p>(i) With regard to the adjustment to the Necessary Amount, whether at least one day per week, the standard date for the adjustment of the Necessary Amount (the Adjustment Calculation Record Date) is established. Then, if the appraisal value of the principal of the trust property on such Adjustment Date is less than the Necessary Amount, whether such shortfall is eliminated through adding trust property in the amount equivalent to the shortfall within three business days from the day following the Adjustment Calculation Record Date.</p> <p>(ii) Whether the internal rules provide for the relevant treatment when the Adjustment Calculation Record Date pertinent to the segregated customer trust fund is a holiday (whether such Record Date is to be advanced to the previous business day or postponed to the next business day).</p>

II. Segregated Customer Trust Fund

Check Items	Check Points
	<p>(iii) If the Necessary Amount on the adjustment date has changed after the calculation of the fund amount for the segregated customer trust, whether recalculation is conducted.</p> <p>(iv) In case of any change to the schedule for the Adjustment Calculation Record Date for the customer segregated fund, whether such change is reflected in the trust agreement and internal rules. Furthermore, after such change, whether the first day of new Adjustment Calculation Record Date is not more than one week from the previous Adjustment Calculation Record Date.</p>
<p>4. When trust contract pertinent to the segregated customer trust fund (excluding the segregated customer trust fund pertaining to over-the-counter derivatives transactions, etc. of subject securities; the same shall apply in this paragraph) is terminated in whole or in part pursuant to the following items, whether such termination is made within the scope of the amount set forth therein.</p> <p>(a) Where the principal of the trust property exceeds the Necessary Amount; in the event that the appraisal value of the principal of the trust property on the</p>	<p>(i) In the event of termination or partial termination of the segregated customer trust fund, whether any of the following conditions is satisfied;</p> <p>(a) In the event that the appraisal value of the principal of the trust property on the Adjustment Calculation Record Date exceeds the Necessary Amount, termination or partial termination of the trust contract shall be made within the amount equivalent to such excess amount;</p>

II. Segregated Customer Trust Fund

Check Items	Check Points
<p>Adjustment Calculation Record Date exceeds the Necessary Amount, an amount equivalent to such excess amount,</p> <p>(b) Where paying the deposit related to public offering, etc.;</p> <p style="padding-left: 40px;">amount of segregated customer fund equivalent to the deposit related to public offering, etc. on the payment date thereof,</p> <p>or</p> <p>(c) Where transferring the administration of segregated customer fund to another trust; amount of trust property to be transferred,</p>	<p>(b) Termination or partial termination of the trust contract shall be made within the amount equivalent to the amount of the segregated customer fund pertaining to the deposit related to public offering, etc. on the payment date thereof; or</p> <p>(c) Cancellation or partial cancellation of a trust contract shall be made in order to transfer the administration of the segregated customer fund to another trust contract.</p> <p>(ii) Whether or not there is any shortage in trust or improper cancellation concerned with the customer segregated fund. If any, whether necessary and appropriate measures have been taken.</p> <p>(iii) If payment of the deposit related to public offering, etc. is scheduled after the adjustment date, whether the Necessary Amount is calculated by deducting such large payment for subscription from the Necessary Amount, and addition of trust property or termination is made based on such calculation.</p>
<p>5. Is the segregated customer trust fund appropriately managed pursuant to the</p>	<p>(i) Which form the segregated customer trust fund adopts; money trust, securities trust, or comprehensive trust.</p>



II. Segregated Customer Trust Fund

Check Items	Check Points
Financial Services Agency notifications?	<p>(ii) In case of managing as a money trust, whether such trust is investing in appropriate assets (excluding an instance where a principal guarantee contract is concluded).</p> <p>(iii) In case of managing as a money trust, whether the appraisal value of securities under custody is based on the market price on the Adjustment Calculation Record Date.</p> <p>(iv) In case of managing as a jointly operated money trust with a principal guarantee contract, whether the principal amount of the trust is deemed as the appraisal value as it is.</p> <p>(v) In case of managing as a securities trust or a comprehensive trust of money and securities, whether the securities to be entrusted are of the type of securities specified in the Public Notice of the Financial Services Agency.</p> <p>(vi) In case of managing as a securities trust or a comprehensive trust of money and securities, whether the appraisal value of the securities in trust has been calculated applying the ratio as provided for in the Public Notice of the Financial Services Agency.</p> <p>(vii) With regard to a securities trust or a comprehensive trust of money and securities, whether or not the entrusted securities are invested.</p> <p>(viii) With regard to a securities trust or a comprehensive trust of money and securities, whether the location of the securities entrusted thereto is clearly defined in the account books.</p>

III. Segregated Management of Securities

Check Items	Check Points
<p>1. Whether an appropriate contract is concluded to deposit the securities entrusted by customers in relation to transactions with such customers (hereinafter in this document referred to as the “Customer Securities”)?</p>	<p>(i) Whether contracts between a Financial Instruments Business Operator and their customer (e.g., Custody Contract, Transfer Account Contract, etc.) are concluded as appropriate.</p> <p>(ii) Whether each contract provides for the method of administration (book-entry transfer settlement (method of custody to enter into or record in transfer account book; the same shall apply hereinafter), simple custody, commingled custody, or joint custody) and place of custody (account management, third-party custody).</p> <p>(iii) In the event that the securities are under custody of a third-party custody agency regardless of their location; domestic or foreign, whether the customers’ consents for such redeposit are obtained. (However, such consent for redeposit may not be required in some cases such as outsourcing to a stock transfer agency according to a safe-deposit contract).                      &lt;&lt;Reference&gt;&gt; Depository agency and control method</p> <p>(a) Account Management:                      Book-Entry Transfer Settlement: Investment trust beneficiary certificates, etc. handled through the central depository system pursuant to the Act on Book-Entry Transfer of Bonds, Shares, etc.</p> <p>(b) Third-party custody                      Simple custody: Stock certificates, etc. of unlisted companies whose handling is being outsourced to a stock transfer agency                      Commingled custody: Stock certificates of unlisted companies, bonds (stock transfer agency), foreign securities, etc.                      Joint custody: cumulative investment products, etc.</p>

III. Segregated Management of Securities

Check Items	Check Points
<p>2. Upon identifying the securities subject to the segregated management under the relevant laws and regulations, whether a member company specifically segregates such securities according to the actual situation of each, and appropriately manages them separately.</p>	<p>(i) Customer Securities to be segregated</p> <ul style="list-style-type: none"> <li>(a) Securities entered into or recorded in, the transfer account book;</li> <li>(b) Securities temporarily deposited by a customer for sale (in case of an engagement contract);</li> <li>(c) Securities under custody (simple deposit contract or commingled deposit contract); or</li> <li>(d) Newly purchased securities of a customer where purchase price for such securities has not been received and amount equivalent to the advance payment pertaining to such purchase is deducted from the customer's segregated fund for calculation purpose:</li> </ul>
<p>3. Is the appropriate segregated management is practiced in accordance with the respective method of control (book-entry transfer settlement, simple custody, commingled custody, or joint custody) as provided for in the relevant laws and regulations?</p>	<ul style="list-style-type: none"> <li>(i) In the case of book-entry transfer settlement, whether the share of each customer pertaining to the Customer Securities is immediately identifiable based on the member's own accounting books, etc.</li> <li>(ii) In case of simple custody, whether ownership concerned with each certificate of the Customer Securities under custody is identifiable by filing them according to each customer, managing them according to securities number, or other means.</li> <li>(iii) In case of commingled custody, whether the share of each customer pertaining to the Customer Securities is immediately identifiable based on the member's own accounting books, etc.</li> <li>(iv) With regard to the securities owned jointly with customers, whether such securities are identified and the share of each customer is readily identifiable based on the member's own accounting books, etc.</li> </ul>
<p>4. Are appropriate internal measures taken for storage facilities, etc.?</p>	<p>(i) Whether storage facilities and management methods are specifically provided for in internal rules, etc.</p>

### III. Segregated Management of Securities

Check Items	Check Points
	<p>(ii) Whether the member has taken specific internal measures to confirm whether the third-party organization is performing the custody business safely and reliably. For example;</p> <ul style="list-style-type: none"> <li>- Whether the credit status of such third-party organization is checked by examining their credit ratings,</li> <li>- Whether it has been verified that the custody business is properly conducted through external audits, etc., and the verification results or proof thereof have been obtained in order to understand the details of such verification to a certain extent,</li> <li>- Whether the member has taken any specific measures internally, such as examining the classification method of the Customer Securities for each storage location, and</li> <li>- With regard to a third-party organization, whether standards for identifying organizations subject to investigation and those not subject to such investigation are established in internal rules, etc., and internal responses are in compliance with such rules.</li> </ul>
<p>5. Is appropriate response being taken for any transfer of the Customer Securities?</p>	<p>(i) With regard to any transfer of the Customer Securities that have been entrusted to the third-party organization, whether the balance after such transfer or such securities transferred are verified against the data (transfer statement data, etc.) at each transfer.</p>
<p>6. In case of a third-party custody (book-entry transfer settlement, simple, or commingled custody), whether the custody balance statements of such third-party institution are appropriately collated against the balance of the company's own accounting books, etc.? (i) Regular reconciliation</p>	<p>(i) Whether the statement balance of deposited securities prepared and delivered by a third-party organization is collated periodically against the balance of the accounting books, etc. of the Customer Securities. Examples of a third-party organization subject to such collation (output slip, certificate, etc.);</p> <ul style="list-style-type: none"> <li>(a) Japan Securities Depository Center</li> <li>(b) Securities Transfer Agency</li> <li>(c) Others</li> </ul>

### III. Segregated Management of Securities

Check Items	Check Points
<p>(ii) Cause and resolution of any discrepancy identified</p> <p>(iii) Countermeasures against discrepancy identified</p>	<p>(ii) When any discrepancy is identified between the balance of the accounting books, etc. and the statement balance given by the third-party organization concerned with the Customer Securities as a result of verification, whether the reason for such discrepancy is confirmed to be reasonable. The main examples of discrepancy;</p> <ul style="list-style-type: none"> <li>(a) Failure</li> <li>(b) Period from the time of withdrawing the actual securities to the time of delivery thereof according to the customer request</li> <li>(c) Input error</li> <li>(d) Others</li> </ul> <p>(iii) If any discrepancy is confirmed in the balances of the Customer Securities after checking the cause of such discrepancy, whether such discrepancy is reported promptly to the manager in charge of custody business.</p> <p>(iv) Whether any shortage of the Customer Securities is promptly eliminated in addition to investigating the cause, etc. of any discrepancy in the balances if such shortage is detected.</p> <p>(v) If the cause of discrepancy, etc. cannot be clarified through the investigation by the manager in charge of custody business, whether such incidence is reported in a timely manner to the compliance officer, the internal audit division, etc.</p>

End.

# Q&A on External Audit of Segregated Management

Established on June 8, 2017

(Note) Abbreviations used in the documents are as follows:

Regulations: Investment Trust Association, Japan Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.

Bylaws: Investment Trust Association, Japan, By-laws of the Regulations for Direct Offering, etc. of Beneficiary Certificates, etc.

Practical Guidelines: The Japanese Institute of Certified Public Accountants, Practical Guidelines No. 56 by Business Committees; Practical Guidelines for Assurance Engagements for Compliance with Laws, Regulations, etc. Concerning Segregated Management of Customer Assets at Investment Trust Management Companies, etc. for Direct Offerings, etc. of Beneficiary Certificates, etc.

Question 1: What are the main points of the amendment to the Regulations dated June 8, 2017?

Answer: Major changes related to the Segregated Management Audit due to the amendment to the Regulations dated June 8, 2017, are as follows:

## (1) Unification of legal compliance for segregated management with Assurance Engagements

In the past, Full Members who have been engaged in direct offering have been subject to Segregated Management Audit by selecting either of verification services regarding compliance with the laws, regulations, etc. concerning segregated management (hereinafter referred to as “Verification Services”) or agreed procedures regarding the segregated management (hereinafter referred to as “Agreed Procedures”) with reference to the regulations of the Japan Securities Dealers Association (Regulations for Proper Implementation of Segregated Management of Customer Assets) and practical guidelines by the Japanese Institute of Certified Public Accountants<sup>1</sup> (hereinafter referred to as “Old Practical Guidelines”).

Recently, the Japan Securities Dealers Association has revised the Association’s regulations based on the results of a study conducted by the Working Group for studying the ideal external audit, etc. for the segregated management of customer assets in April 2015 and has decided to unify them as the Assurance Engagements (procedures equivalent to the conventional Verification Services of the Japan Securities Dealers Association).

The Association has decided to obligate the Certified Public Accountants, etc. to perform the “Assurance Engagements for Compliance with Laws and Regulations on Segregated Management of Customer Assets” (hereinafter referred to as “Assurance Engagement”) in addition to clarifying the

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<sup>1</sup> The Japanese Institute of Certified Public Accountants, Practical Guidelines No. 40 by Business Committees; Handling of Verification Services for Compliance with Laws and Regulations for Segregated Management of Customer Assets by Financial Instruments Business Operators.

basis for the segregated management of beneficiary certificates of investment trusts and money as well as the Segregated Management Audit.

Furthermore, through consultation with the Japanese Institute of Certified Public Accountants, it has been decided that they will formulate the “Practical Guidelines” for the Segregated Management Audits.

## (2) Introduction of the obligation to prepare Management Reports

In the past, Full Members have prepared Management Reports with reference to the “Old Practical Guidelines” when receiving the Verification Services.

This time, in order to clarify the principle of dual responsibility in the Segregated Management Audit, it has been determined that the rules of the Japan Securities Dealers Association stipulate the obligation for the Members to prepare a Management Report.

In the direct offering of investment trusts, the act of taking custody of customers’ assets requires strict control, and in order to earn the customers’ trust, we believe that the same level of segregated management as that applicable to the Type I Financial Instruments Business Operators and audit are also required in the business.

The Association has decided to stipulate in the Regulations the obligation of Full Members to prepare the Management Report.

(Article 11, Paragraph 5 of the Regulations)

## (3) Matters to be included in Management Report

In Article 3-2, Paragraph 1 of the By-laws, the following are provided for:

- (i) The obligation to comply with the laws, regulations, etc. concerning segregated management;
- (ii) The obligation for establishing and operating an effective internal control system to ensure legal compliance with the laws, regulations, etc. concerning segregated management;
- (iii) The obligation to entrust segregated customer funds or manage customer securities separately if the member is also an account management institution as of the base date for audits (hereinafter referred to as the “Base Date”);
- (iv) The obligation to perform procedures to confirm that segregated management of customer assets has been implemented in compliance with the laws, regulations, etc.;
- (v) Whether or not segregated management for customer assets complies with the laws, regulations, etc. as of the Base Date as a result of performing the procedures set forth in the preceding item; and
- (vi) The content of any event that may have a material impact on compliance with the laws, regulations, etc. concerning segregated management, which occurred after the Base Date but before the Management Report submission date.

(Article 3-2, Paragraph 1 of the By-laws)

- (4) Introduction of an obligation to implement the procedures to confirm the establishment and operation of effective internal control for compliance with the laws, regulations, etc. concerning segregated management as well as the status of compliance with such laws, regulations, etc. (referred to as the “Confirmation Procedures” in (4) and (5) below)

With the recent amendment to the Regulations obligating the preparation of the Management Report described in (2) above in such Regulations, it has been decided to oblige the Full Members to implement the Confirmation Procedures as the basis for preparing the Management Report.

The Confirmation Procedures at the time of receiving the Segregated Management Audit are considered to have been implemented with reference to the Old Practical Guidelines in the past, but shall conform to the revised Regulations henceforth.

(Article 11, Paragraph 6 of the Regulations)

- (5) Introduction of an obligation to produce the records on the Confirmation Procedures regarding the establishment and operation of effective internal control for compliance with the laws, regulations, etc. concerning segregated management as well as for the Confirmation Procedures of the compliance status with such laws, regulations, etc.

It is decided to oblige the Full Members to record the results of implementing the Confirmation Procedures described in (4) above. In addition, it is decided to oblige to record any non-compliance event, etc. identified during the implementation of such Procedures. See Q3 for details.

(Article 11, Paragraph 7 of the Regulations)

- (6) Reporting the results of the Segregated Management Audit to the Investment Trust Association, Japan

When a Full Member receives a report on the results of Segregated Management Audit conducted by Certified Public Accountants, etc. (meaning the “Assurance report on compliance with the laws, regulations, etc. concerning segregated management” submitted by Certified Public Accountants, etc.; hereinafter referred to as the “Segregated Management Audit Report”), the Regulations oblige the Full Member to report to the Association according to the submission form as set forth in the By-laws with a copy of the Management Report attached thereto.

However, notification to this Association is no longer required only when a Full Member, which has obtained registration for both Type I financial instruments business and Type II financial instruments business, engages in taking their customers’ deposits for investment concerned with the direct offering of investment trusts as part of their securities, etc. management business (Type I business) and submits a Segregated Management Audit Report to the Japan Securities Dealers Association.

In order to conduct solicitation and sales as Type I financial instruments business, it is necessary to register securities sales representatives with the Japan Securities Dealers Association as well as to submit a notification of the Sales Officers and Representatives to the Association.

(Article 11, Paragraph 8 of the Regulations and Article 3-2, Paragraph 3 of the By-laws)



Question 2: In Article 11, Paragraph 6 of the Regulations, it is provided that the member shall implement procedures to confirm that it has established and operated an effective internal control system for compliance with the laws, regulations, etc. concerning segregated management and has conducted the segregated management of customer assets in compliance with such laws, regulations, etc. What kind of procedures are specifically required?

Answer: Full Members are obligated to conduct the segregated management in compliance with the relevant laws, regulations, etc. and to receive routine audits by Certified Public Accountants, etc. regarding the status of their segregated management at least once a year as stipulated in the Order Regarding Account Management Institutions or the Regulations. In order to receive such audit by Certified Public Accountants, etc., it is necessary to prepare a Management Report.

Management Report is for the management to express their opinion on the status of compliance with the laws, regulations, etc. regarding the segregated management of a Full Member on the Base Date for audit in order for the Full Member to receive such audit by Certified Public Accountants, etc. on a regular basis.

In other words, in order for the management to express their opinions in the Management Report, the management needs to conduct an inspection according to the procedures suited to their own circumstances (internal inspection, etc.) to ascertain, as of the Base Date for audit, whether the segregated customer fund has been entrusted and Customer Securities are managed separately as set forth in the relevant laws, regulations, etc. as well as whether an effective internal control has been established and implemented to comply with such laws, regulations, etc. concerning segregated management. Examples of such procedures include the following:

- (1) Full Members who have been subject to the Agreed Procedures in the past or who receive the Segregated Management Audit for the first time

With reference to the “Internal Control Framework for Segregated Management” and attached document thereto “Check Items and Checkpoints for Segregated Management of Customer Assets,” it may be advisable to implement procedures (such as internal inspections) to confirm that it has established and operated an effective internal control system for compliance with the laws, regulations, etc. concerning segregated management and has conducted the segregated management of customer assets in compliance with such laws, regulations, etc.

- (2) Full Members who have received Verification Services in the past

It is acceptable to basically follow the same procedures as the Confirmation Procedures pursuant to the old Practical Guidelines at the time of receiving the Verification Services in the past.

(Article 11, Paragraph 6 of the Regulations)

Question 3: What sort of records are required to be produced according to Article 11, Paragraph 7 of the Regulations?

Answer: The records to be prepared according to Article 11, Paragraph 7 of the Regulations shall include the procedures implemented pursuant to Article 11, Paragraph 6 of the Regulations (see Q2) and the summary of the results thereof.

(1) Full Members who have been subject to the Agreed Procedures in the past or who receive the Segregated Management Audit for the first time

When procedures are implemented with reference to the description of Q2(1) above, it is advisable to record the results of such procedures by using the Japan Securities Dealers Association's sample form such as the "Investigation Sheet for Segregated Management."

(2) Full Members who have received Verification Services in the past

It is acceptable to basically follow the same procedures to prepare the records pursuant to the old Practical Guidelines at the time of receiving the Verification Services in the past.

Question 4: How long should the records be kept, which is prepared according to Article 11, Paragraph 7 of the Regulations?

Answer: The storage period of records prepared under Article 11, Paragraph 7 of the Regulations is not prescribed. However, as a check item in the "Inspection Manual for Financial Instruments Business Operators, etc.," it is stipulated that "whether a person engaged in the internal audit has accurate records of the matters verified through internal audit and problems identified," and "whether a person engaged in the internal audit has prepared an internal audit report without delay which accurately reflects problems, etc. identified through such internal audit." Therefore, although we believe each member company provides for an appropriate period for their safekeeping, it is considered necessary to keep such records related to internal audit for at least three (3) years taking also into accounts necessary responses to inspections, etc. by the relevant authorities.

Question 5: What matters should be included in the Management Report?

Answer: In preparing the Management Report pursuant to Article 3-2, Paragraph 1 of the By-laws, as a result of the procedures (internal inspection, etc.; refer to Q2 above) to confirm that an effective internal control system for compliance with the laws, regulations, etc. concerning segregated management has been established and implemented, and the segregated management of the customer assets comply with the such laws, regulations, etc., if any non-compliance with the laws, regulations, etc. is detected on the Base Date for audit such as (i) shortage of segregated customer fund and (ii) non-performance of

segregated management of the securities, all of such non-compliance incidence with the relevant laws, regulations, etc. shall be described in the Management Report, in principle. It is not necessary to state in the Management Report any accounting error or clerical error that is identified on the Base Date for audit but not regarded non-compliance with the laws, regulations, etc. (e.g., calculation error or clerical mistake although the Necessary Amount of segregated customer trust fund is satisfied) or legal non-compliance incidence that had occurred prior to the Base Date for audit but addressed by such Base Date.

Please refer to Q1(3) for descriptions items in the Management Report.

(Article 3-2, Paragraph 1 of the By-laws)

Question 6: When do we need to start receiving the Assurance Engagements under this revised Regulations?
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Answer: The Assurance Engagements under the revised Regulations shall apply to any Segregated Management Audit, which will be conducted on or after March 31, 2018, as the Base Date of audit. Specifically, the details are as follows:

(1) Full Members who have received Verification Services in the past

The Full Members who received the Verification Services before the effective date of this amendment will continue to receive the Assurance Engagements.

(2) Full Members who have received Agreed Procedures in the past

Full Members who have been subject to the Agreed Procedures prior to the effective date of this amendment will also be required to receive the Assurance Engagements. However, in consideration of the fact that preparation is required for the switchover from the Agreed Procedures to the Assurance Engagements, a grace period has been established. Specifically, with respect to the Segregated Management Audit to be conducted on or before March 31, 2018, as the Base Date of audit, it is possible to continue to receive the Agreed Procedures. (In this case, the Segregated Management Audit to be conducted on or after April 1, 2018, as the Base Date for the audit is subject to the Assurance Engagements.)

# Consideration When Establishing Provisions for Exercise of Voting Rights by Instruction

Established on March 13, 2003  
Revised on September 21, 2007  
Revised on September 12, 2008  
Revised on March 18, 2010

An investment trust management company (meaning the investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the “Investment Trust Act”); hereinafter the same shall apply) shall bear the following points in mind when establishing provisions for the exercise of voting rights by instruction in accordance with the provisions in Article 2, Paragraph 2 of the Rules on Full Member’s Business Operations, etc.

## 1. Consideration in Establishment

### (1) Purpose of establishment of provisions and basic stance on exercise of voting rights by instruction

In consideration of the fact that the exercise of voting rights by instruction is only for the benefit of beneficiaries, the purpose for establishing the provisions and the basic concept for exercising voting rights shall be clearly stated.

### (2) Development of decision-making process and system for exercising voting rights by instruction, etc.

When exercising voting rights by instruction, the decision-making process and the authority and responsibility for the decision-making shall be clearly described, and the system for such decision-making shall be established.

### (3) Screening standards

In order to contribute to the effective exercise of voting rights by instruction, an investment trust management company may establish screening standards. However, when such standards are established, the contents thereof shall be specified.

### (4) Storage of supporting data

In accordance with the provisions such as matters specified in (1) through (3) above, an investment trust management company shall determine whether any individual proposal is an issue, and if any proposal represents an issue, the investment trust management company shall store the notice of the General Meeting of Shareholders relating to such proposal, and records on which the reason for the issue and the reason for the decision-making, etc. are based for a period of five years after the end of the accounting period to which the day of giving the instruction belongs. In addition, the retention period shall be specified in such provisions. When exercising voting rights by instruction, it should be noted that instructions shall be prepared and preserved in accordance with Article 26 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations and Appendix 1.

## 2. Other Considerations

### (1) Disclosure

- (i) An investment trust management company shall specifically disclose items specified (1) to (3) above as principles for exercising voting rights.
  - (ii) An investment trust management company shall set forth, in its internal rules, items to be disclosed and other necessary matters with regard to the result of the exercise of voting rights for domestic shares, and in principle, shall compile the results of the exercise of voting rights at the General Meeting of Shareholders held in May and June and disclose them by the end of August.
- (2) Exercise of voting rights pertaining to foreign shares by Instruction

It should be noted that in accordance with the provisions of the Investment Trust Act and the Business Regulations and Operational Rules, instructions shall be given based on the circumstances of the country concerned.

[Examples of Disclosure Items for Result of Exercise of Voting Rights by Instruction]

Proposed Agenda	Compiled Items
1. Company Proposals (i) Appropriation of surplus (ii) Election of Directors (iii) Election of Auditors (iv) Partial amendment of the Articles of Incorporation (v) Payment of retirement allowance (vi) Revision of remuneration amount for officers (vii) Issuance of stock acquisition rights (viii) Appointment of accounting auditor (ix) Reconstruction (x) Other Company Proposals 2. Shareholder Proposals	(i) Number of proposals (ii) Number of approval votes (iii) Number of opposition votes

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on October 1, 2008.

Supplementary Provision

This amendment shall come into effect on May 1, 2010.

# Guidelines for Treatment of Money Arising after Termination of Investment Trusts

Established on July 18, 2013

## 1. Purpose

The purpose of these Guidelines is to indicate the basic concept of the treatment of money arising after the termination of the trust for an investment trust by a Member Management Company (meaning a Member that is an investment trust management company as defined in Article 2, Paragraph 11 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); the same shall apply hereinafter).

## 2. Principles

A Member Management Company shall return money arising after termination of the trust for an investment trust to the beneficiaries at the time of termination (redemption) in principle; provided, however, that this shall not apply to cases where the investment trust agreement provides otherwise or cases where it is difficult to return such money to the beneficiaries.

## 3. Treatment at the Time of Termination of an Investment Trust

At the time of termination of an investment trust, the Member Management Company shall consult with the trustee on whether or not any money is expected to be received after the termination of the trust for the investment trust and whether or not any such money can be recorded as investment trust property, and if any money is available to be recorded as investment trust property, the Member Management Company shall record such money as investment trust property through advance payment and then terminate the trust.

Advance payment is made in consideration of “advance payment of the trustee” stipulated in the investment trust contract after confirming the treatment method with the trustee.

## 4. View on Whether or Not Recording in Investment Trust Property is Allowed

A Member Management Company shall make judgment as to whether or not the money can be recorded in investment trust property as set forth in “3.” on the basis of (i) certainty of occurrence of such money (which is expected to be received within one (1) year from the redemption date) and (ii) certainty of the amount (of which one (1) yen or more is expected to be received (by issue) after the amount of receipt is finalized and various expenses such as refund fees are deducted).

## 5. Return of Money Arising after Termination of the Trust for an Investment Trust

For the return of money newly arising after termination of the trust for an investment trust investment, expenses required for the return (expenses expected to be reasonably necessary such as shipping expenses (costs for postage stamp, envelope, printing, etc.), transfer expenses, expenses for identifying beneficiaries, etc.; hereinafter referred to as “Return Expenses” ) may arise.

The Member Management Company shall decide whether or not money arising after the termination of the trust for the investment trust can be returned to beneficiaries on a case-by-case basis, in consideration of

such factors as the number of beneficiaries, Return Expenses, in principle.

6. Judgment on Whether or not Return is Allowed

Whether or not money arising after the termination of the trust for the investment trust can be returned may be determined by the Member Management Company based on its own judgment criteria, or determined after confirming Return Expenses with the sales company.

A Member Management Company shall establish the internal criteria for determination on whether or not return is possible with reference to “Determination on whether or not return is possible” below.



<Reference>

#### Determination on whether or not return is possible

(1) When the amount of money arising after the termination of the trust is small

In the case where the amount of money arising is substantially smaller than the number of beneficiaries, a Member Management Company shall determine whether or not return is possible on its own. The following methods are considered as the criteria for determining whether or not return is possible.

(i) As for money arising after the termination of the trust, the amount per unit for calculation of the base value is calculated using the number of beneficial interest units at the time of termination of the investment trust. Any fraction of such amount less than one yen is determined as non-refundable.

(ii) When the result of determination in (i) indicates one yen or more, whether or not return is possible is determined in consideration of Return Expenses. As for Return Expenses, possible methods include the method where trial calculation is made using the number of beneficiaries estimated based on the number of copies of the Investment Report delivered at the time of the termination of the investment trust, and the method where past cases of refund are referred to. When the amount of money accrued after the termination of the trust is less than Return Expenses, it is determined to be non-refundable.

(2) When it is not determined to be non-refundable in (1) (ii)

When the amount of money accrued after the termination of the trust exceeds Return Expenses, it is determined to be refundable.

#### 7. Non-refundable cases

If a Member Management Company judges that money arising after the termination of the trust for the investment trust cannot be returned, the Member Management Company shall inform the Trustee to that effect and deal with such money after consultation with the Trustee.

#### Supplementary Provision

These Guidelines shall come into effect on July 18, 2013.

# Guidelines for Operation of Investment Trusts in Case of Emergency

Established May 18, 2007  
Revised on December 20, 2012  
Revised July 15, 2021

## I. Purpose

These Guidelines set forth matters serving as guidelines for the investment trust management company (hereinafter referred to as the “Management Company”) to make decisions regarding measures to be taken to ensure the appropriate operation of the investment trust (hereinafter referred to as the “Fund”) in the case of an occurrence of an event such as suspension of trading in the securities market (hereinafter referred to as an “Emergency”) due to the occurrence of an unexpected event such as a natural disaster, terrorist incident, system failure, or large-scale power failure.

## II. Measures to be Taken by the Management Company in the Event of an Emergency and the Contents Thereof, etc.

In the event of an Emergency, measures to be taken by the Management Company and the contents thereof, and the requirements for sales companies and financial instruments intermediary service providers (meaning financial instruments intermediary service providers set forth in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation) shall be as follows:

### (1) Measures to be taken by the Management Company and the contents thereof

The Management Company shall take measures to suspend acceptance of applications for establishment and cancellation of the Fund (meaning suspension of acceptance of applications for establishment and cancellation of the Fund to be handled at the base value on the application date of the base value stipulated in the contracts of the Fund to be subject to the measure, hereinafter referred to as the “Acceptance Suspension Measure”).

This Acceptance Suspension Measure shall be taken upon receipt of notification of a resolution by the Special Measures Committee of the Association or when the Management Company deems it necessary and appropriate.

### (2) Requirements for sales companies in case of taking the Acceptance Suspension Measure

The Management Company shall notify sales companies of the implementation of the Acceptance Suspension Measure and information on the subject Fund, etc. and request the following matters so that the measure can be implemented smoothly.

- (i) Prompt notification of the measure shall be provided to sales offices, etc.
- (ii) Any application for establishment or cancellation that has already been accepted shall be dealt with as cancellation of the order or as an order placed on or after the next day in consideration of the customer’s intention.
- (iii) In order to avoid confusion among investors, sufficient explanation shall be made on how to deal with orders for establishment and cancellation to investors.

### III. Development of Internal System, etc.

(1) The Management Company shall establish an internal control system in advance to properly and smoothly implement the Acceptance Suspension Measure due to the occurrence of an emergency. For example, the Management Company shall examine and decide the terms and conditions of any Fund that may be subject to such measures or any Fund that is not subject to such measures based on the “Basic Policy on Suspension of Acceptance of Application for Establishment or Cancellation of Investment Trust in Case of Emergency” (see Appendix) and the following elements:

- (i) Level of the allocation ratio of assets to be affected by the event
- (ii) Status of establishment or cancellation of the Fund, its ratio to the net asset value, and configuration of attributes of beneficiaries, etc.
- (iii) Fairness among beneficiaries and effects on trust property
- (iv) Whether there is an application for establishment or cancellation from an unusual sales form, such as defined contribution pension plans, or regular fixed-amount installment deposit.
- (v) Fund’s product characteristics
- (vi) Others

In addition, a Management Company shall make efforts to review the terms and conditions of the Fund, etc. subject to or not subject to the measure, etc. periodically or as necessary.

(2) In consideration of the establishment of the internal control system described above, the Management Company shall consult and cooperate with sales companies in advance on information considered necessary for smooth implementation of the measure, such as the communication method and the contact point in case of implementation of the Acceptance Suspension Measure, as well as the requirements for a Fund that is assumed to be applicable to or excluded from the measure.

### IV. Anticipated Events and Measures to Be Taken upon Occurrence Thereof

#### 1. Suspension of Transactions by Exchange, etc.

(1) Suspension of trading by the Tokyo Stock Exchange and Osaka Exchange (hereinafter referred to as the “Tokyo Stock Exchange, etc.”)

- (i) Decision to implement the measures

At the time of an emergency of suspension of trading at the Tokyo Stock Exchange, etc., the Management Company shall take the Acceptance Suspension Measure upon receipt of notification of a resolution by the Special Measures Committee of the Association or when the Management Company deems it necessary and appropriate.

- (ii) Measures to be taken by the Management Company

The Management Company shall determine the measure in (i) above and the Fund to be covered thereby, and promptly inform sales companies of such decision.

When determining the Fund, it is desirable to ensure compliance with the blind method and to consider and determine effects on the base value of the Fund and effects of the establishment

or cancellation on the trust property, taking into account the following points. Determination of the Fund subject to the measure, etc.

- a. Non-acceptance date set forth in contracts
- b. Allocation ratio of listed issues (with approximately 20% as a rough standard, at a level deemed appropriate by the Management Company)
- c. Weight of the exchange's futures transactions in the trust property
- d. Recent status of establishment or cancellation of the Fund and its ratio to the net asset value
- e. Discrepancy between the futures market and the spot market
- f. Fund's product characteristics
- g. Others

(2) Suspension of trading on domestic exchanges other than the Tokyo Stock Exchange, etc.

The Management Company shall take measures similar to those in (1) above, according to the status of suspension of trading at the exchange.

(3) Suspension of trading at overseas exchanges (such as those in Europe and the United States of America) that are to start trading after the end of the time for accepting applications in Japan

(i) Measures to be taken by the Management Company

In the event that the Management Company decides to suspend trading all day by noon Japan Time at any overseas exchange where trading starts after the end of the time for accepting applications in Japan, or in the event that the Management Company judges that trading on the previous day has been suspended and that there is no prospect of resuming trading on the day, the Management Company shall take the Acceptance Suspension Measure.

When the overseas exchange is a futures market, it does not matter what kind the underlying assets, such as interest rates, exchange rates, etc. in addition to stocks and bonds, are.

(ii) Implementation of measures and determination of the Fund covered, etc.

The Management Company shall obtain information on suspension of trading at an overseas exchange, examine the measure in (i) above and the Fund that is subject to the measure based on the list prepared in advance, and if they are judged to be appropriate, shall determine the implementation of the measure and promptly inform sales companies of the determination.

When determining implementation of the measure and the Fund covered, it is desirable to consider and determine impact on the base value of the Fund and effects of the establishment or cancellation on the trust property due to that base value, taking into account the following points.

- a. Non-acceptance date set forth in contracts of the Fund
- b. Allocation ratio of listed issues (with approximately 20% as a rough standard, at a level deemed appropriate by the Management Company)
- c. Weight of the exchange's futures transactions in the trust property
- d. Recent status of establishment or cancellation of the Fund and its ratio to the net asset value

- e. Discrepancy between the futures market and the spot market
  - f. Fund's product characteristics
  - g. Others
- (4) Suspension of trading at overseas exchanges (such as those in Asia and Oceania) whose time for accepting applications and the trading time overlap with those in Japan.
- (i) Measures to be taken by the Management Company
 

If any of the events set forth in the following sub-items (a) through (b) occurs at any overseas exchange (such as those in Asia and Oceania) whose time for accepting applications and the trading time overlap with those in Japan, the Management Company shall take Acceptance Suspension Measure for acceptance on the day in the case of (a) and for application for acceptance on the next day in the case of (b).

    - (a) When trading on the day is suspended and there is no announcement on the resumption of trading by noon Japan Time
    - (b) When trading is suspended after noon Japan Time and the Management Company judges that trading on the next day is unlikely to be resumed
  - (ii) Implementation of measures and determination of the Fund covered, etc.
 

If the Management Company shall obtain information on the suspension of trading at the overseas exchange, the Management Company shall examine implementation of the measure in (i) above and the Fund that is subject to the measure based on the list prepared in advance, and if they are judged to be appropriate, shall determine the implementation of the measure and promptly inform sales companies of the determination.

When determining implementation of the measure the Fund covered, it is desirable to ensure compliance with the blind method and to consider and determine impact on the base value of the Fund and effects of the establishment or cancellation on the trust property due to that base value, taking into account the following points.

    - a. Non-acceptance date set forth in contracts of the Fund
    - b. Allocation ratio of listed issues (with approximately 20% as a rough standard, at a level deemed appropriate by the Management Company)
    - c. Weight of the exchange's futures transactions in the trust property
    - d. Recent status of establishment or cancellation of the Fund and its ratio to the net asset value
    - e. Discrepancy between the futures market and the spot market
    - f. Fund's product characteristics
    - g. Others
- (5) Suspension of trading at an exchange market
- (a) Basically, it is considered unnecessary to take the Acceptance Suspension Measure. However, this does not preclude taking the Acceptance Suspension Measure or any other measure when the Management Company deems it necessary, for example in the case where the suspension of

trading at an exchange market poses an obstacle to inward remittance of the Fund and the Fund finds it difficult to secure funds for cancellation.

If the Management Company determines implementation of the Acceptance Suspension Measure and the Fund covered, the Management Company shall promptly notify sales companies to that effect and the name of the Fund covered.

- (b) When trading at an exchange market is suspended, as for the exchange rate used for evaluation of the trust property, the Association shall make responses in accordance with the Rules of the Association and notify the Management Company of the exchange rate.

## 2. Market Turmoil such as Collapse

Basically, it is considered unnecessary to take the Acceptance Suspension Measure. However, this does not preclude taking the Acceptance Suspension Measure or any other measure when the Management Company deems it necessary and appropriate, for example in the case where indicative price quotations continue due to collapse for consecutive days, etc. or where liquidity of assets could be affected.

In this case, it is desirable that the Management Company considers and determines impact on the base value of the individual Fund, effects of the establishment or cancellation on the trust property due to that base value, financing for the cancellation, etc., taking into account the following points.

- a. Discrepancy between indicative price quotations and actual price as a result of the continuation of the indicative price quotations
- b. Asset mix of the Fund and recent status of cancellation (financing)

If the Management Company determines implementation of the Acceptance Suspension Measure and the Fund covered, the Management Company shall promptly notify sales companies to that effect and the name of the Fund covered.

## 3. Failure of Market Infrastructure

In the event that it becomes impossible to obtain market information due to a disaster such as a large-scale earthquake or the suspension of the exchange distribution system or the settlement mechanism, and consequently it becomes difficult to calculate the base value or such an event has a significant impact on liquidity of assets, the Management Company shall implement the Acceptance Suspension Measure.

In this case, it is desirable that the Management Company considers and determines implementation of the measure and the Fund subject to the measure, taking into account the following points.

- a. Impact of the allocation ratio of securities listed on the stock exchange on which market information has become difficult to obtain
- b. Whether or not there is a possibility of calculating the base value

## 4. Others

Even in the event of any event other than those set forth in 1 through 3 above, this shall not preclude taking the Acceptance Suspension Measure when the Management Company judges it necessary and appropriate to take the Acceptance Suspension Measure for the Fund in consideration of securing compliance with the

blind method, impact on the base value, etc.

#### V. Notification of Implementation of Measures, etc. to Sales Company

The Management Company shall inform the contact point of sales companies of the contents of each item described in the prescribed form as information necessary for implementation of measures, such as measures decided by the Special Measures Committee or measures decided by the Management Company, which have been communicated by the Association, and the name of the Fund that is subject to those measures, using the prescribed form or other method.

#### VI. Publication of Base Value on the Implementation Date of the Acceptance Suspension Measure

The Management Company shall calculate the base value on the day when the Acceptance Suspension Measure are implemented in accordance with the Rules of the Association, and shall publicize the base value in principle;

Provided, however, that in any of the following cases, the Management Company may refrain from disclosing the base value if the company considers it appropriate not to disclose the base value after conducting an examination from the viewpoint that disclosing the base value may cause misunderstanding for the investment decision of Investors.

- a. When the subject Exchange is closed for a long period of time
- b. When the market as a whole is disrupted by, for example, a limit-low or stop-high of indicative prices of many issues at the market, and this situation continues to exist

#### VII. Date of Implementation, etc.

1. These Guidelines shall come into effect from May 18, 2007, and the Association and its members shall establish internal systems such as communication systems as soon as possible after the implementation date.
2. The “Temporary Measures in Connection with the Suspension of Trading by the Tokyo Stock Exchange (Resolution of the Special Task Force dated January 19, 2006)” shall be repealed on May 18, 2007.

#### Supplementary Provision

The amendments shall come into effect on January 4, 2013.

#### Supplementary Provision

This amendment shall come into effect on July 15, 2021.

Basic Policy on Suspension of Acceptance of Application for Establishment or Cancellation of Investment  
Trust in Case of Emergency

[Premise]

With regard to the implementation of measures to suspend the acceptance of applications for establishment or cancellation of investment trusts from investors or beneficiaries at the time of an emergency, regardless of the reason for such suspension, an investment trust management company shall decide whether or not to implement such measures and which investment trusts are to be implemented based on the provisions of individual investment trust contracts.

[Basic Concept]

When an investment trust management company takes any measure to suspend the acceptance of application for establishment or cancellation of an investment trust, the investment trust Management Company shall pay attention to the following points with regard to the same Investment Trust.

- Handling conditions shall not differ depending on sales companies.
  - There shall be no inequity between investors applying for establishment or cancellation and remaining beneficiaries.
  - The blind point of view shall be maintained.
- etc.

[Scope of Specific Exemption from Application]

Even if an investment trust management company has implemented any measure to suspend the acceptance of application for establishment or cancellation of an investment trust, basically from the above viewpoint, it is considered that the adverse effects of accepting the application for any of the following cases as an exception to such measures will be small.

In this case, however, it should be noted that the investment trust management company must share necessary information with sales companies regarding the terms and conditions, channels, etc. of the investment trust that will be an exception to the measure.

(Cases Considered to Have Few Adverse Effects)

- Establishment, cancellation, and replacement of a defined contribution pension plan
- Establishment of regular, fixed-amount purchase for cumulative investment contracts, accumulation investment contracts, etc.
- Establishment of distribution reinvestment
- Establishment and cancellation under variable pension insurance contracts



List of Funds for Which Establishment or Cancellation Has Been Suspended

Date: MM DD, YYYY

	Application date of the Acceptance Suspension Measure	Investment Trusts Association Code	ISIN Code	Fund Code (i)	Fund Code (ii)	Fund Code (iii)	Name of the Investment Trust Company	Official Fund Name	Abbreviations or Nicknames	Regular, Fixed-Amount Category	Distribution Reinvestment Category	DC Category	VA Category	Application date of the base value
Description	yyyy/mm/dd	8 digits		Nomura Research Institute	Daiwa Institute of Research	Others				If neither establishment nor cancellation is suspended, enter 1. If establishment only is not suspended, enter 2. If cancellation only is not suspended, enter 3	If nothing is suspended, enter 1.	If neither establishment nor cancellation is suspended, enter 1. If establishment only is not suspended, enter 2. If cancellation only is not suspended, enter 3	If nothing is suspended, enter 1.	1: On the day 2: On the next day 3: Two days later 4: Others
Required items	○	○	○	△	△	△	○	○	△	△	△	△	△	○
1														
2														
3														
4														
5														
6														

Precautions for description

1. Application date of Acceptance Suspension Measure

Enter the date. Required items. Enter the application date of the Acceptance Suspension Measure.

2. Investment Trusts Association Code

An eight digit number. Required items.

3. ISIN Code

12 digit alphanumeric characters. Required items.

4. Fund Code (i)

Optional Items. Left blank if not applicable. When Nomura Research Institute's system is used, the fund code for the system may be entered.

5. Fund Code (ii)

Optional Items. Left blank if not applicable. When Daiwa Institute of Research's system is used, the fund code for the system may be entered.

6. Fund Code (iii)

Optional Items. Left blank if not applicable. When any system other than the above fund codes (i) and (ii) is used, the fund code for the system may be entered.

7. Investment Trust Company

Required items. Enter the name of the investment trust company.

8. Official Fund Name

Required items. Enter the official name of the fund.

9. Abbreviations or Nicknames

Optional Items. Enter the fund's abbreviation or nickname.

10. Regular, Fixed-Amount Category

Optional Items. Enter 1-3 if applicable. Left blank if not applicable. If neither establishment nor cancellation is suspended for regular, fixed-amount installment deposit, enter 1.

If only establishment is suspended and cancellation is suspended for regular, fixed-amount installment deposit, enter 2.

If establishment is suspended and only cancellation is not suspended for regular, fixed-amount installment deposit, enter 3. In the case where operations including regular, fixed-amount installment deposit are suspended, and other cases, it is left blank.

11. Distribution Reinvestment Category

Optional Items. Enter 1 if applicable. Left blank if not applicable. If distribution reinvestment is not suspended, enter 1.

In the case where there is no category for distribution reinvestment, the case where operations including distribution reinvestment are suspended, or other cases, it is left blank.

12. DC Category

Optional Items. Enter 1 if applicable. Left blank if not applicable. Neither establishment nor cancellation is suspended, enter 1 for DC.

If only establishment is not suspended and cancellation is suspended for DC, enter 2. If establishment is suspended and only cancellation is not suspended for DC, enter 3.

In the case where there is no DC category, the case where operations including DC is suspended, or other cases, it is left blank.

13. VA Category

Optional Items. Enter 1 if applicable. Left blank if not applicable. If nothing is suspended for VA, enter 1.

In the case where there is no VA category, the case where operations including the VA category are suspended, or other cases, it is left blank.

14. Date on which the unit price is applied

Required items. If the application date of the base value is the day, enter 1. Enter 2 if the application date is the next day, or enter 3 if the application date is the day after next.

In the case where the application date is three days later, or the case where the application date of the base value is applied is different between establishment and cancellation, or other cases, enter 4.

# Concept of Disposition Against Members

Established on July 15, 2021

## 1. Basic Concept

The main purpose of dispositions to be taken by the Association against Full Members is to prevent any Full Member from violating any laws and ordinances, orders and dispositions based thereon, and the Articles of Incorporation and various rules of the Association (hereinafter referred to as “Laws and Ordinances, etc.”), and to prevent any recurrence thereof, thereby securing fairness in the business of investment trusts conducted by any Full Member and financial instruments business, etc. related to the investment corporation, and thoroughly protecting investors, thereby contributing to the maintenance and improvement of confidence in the asset management business and the financial instruments exchange market.

Therefore, in order to further enhance the effectiveness of dispositions of Full Members, the Association has decided to clarify and categorize seriousness and malicious nature of violation of Laws and Ordinances, etc., the status of internal control systems, and treatment in cases where violation of Laws and Ordinances, etc. is repeated or continuing or where antisocial forces are involved, and other cases, after sorting out factors to be considered in the dispositions. In addition, it has decided to review the maximum amount of negligence fine imposed on Full Members for violation of Laws and Ordinances, etc.

On the other hand, it is important for Full Members to prevent the occurrence of any violation of Laws and Ordinances, etc. by endeavoring to secure accurate understanding and recognition of Laws and Ordinances, etc. on a day-to-day basis with a high degree of compliance awareness, establishing an appropriate internal control system in accordance with their own business conditions and adequately and properly conducting internal control in order to prevent any violation of Laws and Ordinances, etc. Even if any violation of Laws and Ordinances, etc. occurs, it is desirable to establish an environment in which self-purification can be achieved by detecting it early through internal self-inspection, etc. and making a prompt response, and other means.

Based on this concept, elements to be considered in the examination of dispositions of Full Members are summarized as follows. It is expected that this arrangement will increase the transparency and predictability of dispositions of Full Members and will also contribute to the improvement of compliance awareness among Full Members with Laws and Ordinances, etc.

It should be noted that the following items are examples of elements to be taken into consideration in the examination of dispositions, and other items that are deemed necessary in accordance with the content of the case can also be taken into consideration. Furthermore, it should also be noted that even if an individual officer or employee of a Full Member has committed a violation of Laws and Ordinances, etc., when any deficiency is found in the internal control system of the Full Member, an action is taken against the officer or employee in consideration of the status and degree of such deficiency.

## 2. Factors to be Considered When a Disposition is Taken upon Occurrence of Violation of Laws and Ordinances, etc.

### (1) Seriousness of the act

#### (i) Period and size of violation of Laws and Ordinances, etc.

The period and frequency (number of cases) of violation of Laws and Ordinances, etc., the number of persons engaged in such violation, the effect of such violation on the trust property or the managed assets (amount of damages), etc. shall be taken into consideration.

When it is determined that any violation of Laws and Ordinances, etc. has been committed for a long period of time or on a large scale, strict measures shall be taken accordingly.

#### (ii) Breach of Duty of Loyalty and Duty of Care, etc.

In the event that an investment management company is not considered to be engaged in the investment management business with due care of a bona fide and good manager for the benefit of beneficiaries of an investment trust, etc. or the investment corporation, or for any acts that fail to protect investors (beneficiaries) or harm the fairness of transactions, or that cause a loss of confidence in the asset management business, strict measures shall be taken accordingly.

#### (iii) Status of Administrative Punishment for Violation of Laws and Ordinances, etc.

In the event that any administrative punishment is imposed for any violation of Laws and Ordinances, etc., measures shall be implemented, taking into account details of the punishment.

### (2) Malicious nature of the act

#### (i) Presence or absence, and degree of willful intention or negligence

In any violation of Laws and Ordinances, etc., it shall be considered whether such violation of Laws and Ordinances, etc. was committed intentionally or caused by carelessness or negligence such as a mistake in paperwork.

When the degree of willful intention or negligence is deemed serious, strict measures shall be taken accordingly.

#### (ii) Organizational nature, presence or absence, and degree of involvement of the management team and managerial personnel

The number and position of persons involved in violation of Laws and Ordinances, etc. (from the viewpoint of organizational nature) shall be taken into consideration when dealing with such violation.

Even if the number of persons involved in violation of Laws and Ordinances, etc. is small, when the involvement of managerial personnel is recognized, such as the management team, etc. permitting or overlooking such violation, it is determined that such violation is organizational, and measures shall be taken accordingly.

In the event that any violation of Laws and Ordinances, etc. is highly organizational and strong involvement of the senior management is recognized, strict measures shall be taken accordingly.

(iii) Repeatability, and presence or absence of similar indication in the past

When any similar violation of Laws and Ordinances, etc. is repeatedly committed or when any similar violation has been pointed out in a past administrative inspection or inspection by a self-regulatory organization, etc., measures shall be taken in consideration of the parties involved in such violation, responses to the previous notice, and the status of corrective measures taken.

If there is any substantial imperfection in the subsequent response, such as failure to take appropriate improvement measures, or if the previous indication has been overlooked, strict measures shall be taken accordingly.

(iv) Presence or absence of concealment of facts and the extent thereof

When any act of concealment of facts is recognized and the circumstances thereof are deemed extremely malicious, such as the act of organizationally implemented concealment of facts, strict measures shall be taken accordingly.

(3) Impact of the act

(i) Extent of loss of confidence in the asset management business

Measures shall be taken in consideration of the extent to which the trust of investors (beneficiaries) in the asset management business has been lost, such as fairness of operations of the Financial Instruments Business related to investment trusts and investment corporations (including fair treatment of customers and proper management of conflicts of interest).

In the event that the impact on investors (beneficiaries) and financial instruments exchange markets is deemed material and credit of the asset management business is deemed substantially impaired, strict measures shall be taken accordingly.

(ii) Effect on investors (beneficiaries), presence or absence of complaints

Measures shall be taken in consideration of the content and extent of losses imposed on investors (beneficiaries) and the status of complaints from investors (beneficiaries) regarding violation of Laws and Ordinances, etc.

In the event that the impact on the investor (beneficiary) is deemed serious, such as a serious concern arising about the protection of investment trust property and the investment corporation's managed assets, etc., strict measures shall be taken accordingly.

(4) Awareness and attitude about compliance with Laws and Ordinances, etc.

(i) Awareness and attitude about compliance with Laws and Ordinances, etc.

Measures shall be taken in consideration of recognition of Laws and Ordinances, etc., compliance awareness, and attitude with regard to violation of Laws and Ordinances, etc.

In the event of any lack of awareness of compliance with Laws and Ordinances, etc., strict

measures shall be taken accordingly.

- (ii) Presence or absence of opinion hearings from attorneys, etc.

Measures shall be implemented, also taking into consideration whether opinions of attorneys, certified public accountants, and other experts have been sought and considered, as necessary.

(5) Status of internal control system

- (i) Status of internal control system

In order to prevent any violation of Laws and Ordinances, etc., measures shall be taken in consideration of whether internal control has been implemented sufficiently and accurately, after appropriate internal control systems (including an information control environment, etc.) are established according to the operation of the Full Member.

- (ii) Clarification of responsibility

With regard to the occurrence of any violation of Laws and Ordinances, etc., measures shall be taken in consideration of how the management team and managerial personnel recognize their responsibility for such violation and how the responsibility is clarified.

- (iii) Whether or not in-house training, etc. is implemented

In order to prevent any violation of Laws and Ordinances, measures shall be taken in consideration of whether the management team, managerial personnel, etc. give appropriate instructions and whether effective internal training, etc. is provided.

(6) Status of response to violation of Laws and Ordinances, etc.

- (i) Background to discovery of violation of Laws and Ordinances, etc.

Measures shall be taken in consideration of whether the violation of Laws and Ordinances, etc. was discovered through an administrative inspection or an inspection by a self-regulatory organization, or through a self-inspection, etc.

In principle, while strict measures shall be taken when the violation was discovered through an administrative inspection or an inspection by a self-regulatory organization, mitigation measures may be considered when the violation was discovered through a self-inspection, etc.

- (ii) Status of corrective measures after discovery

Measures taken after any violation of Laws and Ordinances, etc. was discovered and the status of improvement to prevent the recurrence shall be taken into account.

When it is recognized that immediate and appropriate corrective measures have been taken, it may be considered as a mitigating factor. In addition, if corrective measures are considered insufficient, including the lapse of time, after the discovery of violation of Laws and Ordinances etc., the measures may be taken as an aggravating factor.

(iii) Cooperation in Investigations, etc.

When any uncooperative attitude is recognized, such as interference with investigations of the Association through interruption, suppression of information, provision of false materials and other means, against investigations, requests for reports, and submission of materials based on the Articles of Incorporation, strict measures shall be taken accordingly in consideration of such circumstances.

(7) Whether or not antisocial forces are involved

When any antisocial force is involved in any violation of Laws and Ordinances, etc., strict measures shall be taken accordingly.

(8) Treatment of the amount equivalent to unjust enrichment

(i) Collection of the amount equivalent to unjust enrichment

When unjust enrichment occurs as a result of violation of Laws and Ordinances, etc. to a Full Member or any person concerned thereof with respect to a matter to be subject to measures prescribed in Article 17 of the Articles of Incorporation, the amount to be collected may be determined in consideration of an amount equivalent to the unjust enrichment in calculating the amount of negligence fine.

When a Full Member voluntarily takes measures to return the amount equivalent to unjust enrichment, the amount to be collected may be determined according to the content of this return measure.

(ii) Treatment of affiliated companies, etc. that can be considered to be substantially the same as a Full Member

When an affiliated company, etc. that can be considered to be substantially the same as a Full Member has obtained an amount equivalent to unjust enrichment in relation to violation of Laws and Ordinances, etc., this amount equivalent to unjust enrichment may be, in principle, deemed to be that of the Full Member and the amount to be collected may be determined.

(iii) Treatment in the event that a surcharge is imposed on the other party

When a surcharge has been imposed, the amount to be collected may be determined in calculating the amount of negligence fine in consideration of the amount of the surcharge.

3. Concept of Expulsion and Applicable Reasons and Factors to be Considered

The purpose of expulsion, etc. by the Association is to prevent the recurrence of any violation of Laws and Ordinances, etc. by a Full Member who has caused the event subject to the expulsion, etc. by forcing it to withdraw from the Association and giving a warning regarding the withdrawal, thereby leading to the prevention of any violation of Laws and Ordinances, etc. by other Full Members.

In light of this point, in the case where the trust in the asset management business is significantly

damaged by any material violation of Laws and Ordinances, etc., the case where obligations as a Full Member cannot be performed due to bankruptcy, etc., or the case where the qualification as a Full Member is questionable due to the involvement of antisocial forces, etc., the Association shall consider expulsion, etc. The items to be taken into account in the consideration shall be as follows.

For any item other than the following items, expulsion, etc. may be considered if it is deemed necessary according to the content of the matter. With regard to the timing of expulsion, it shall also be examined whether or not any particular problem will arise from the viewpoint of investor protection even if the Full Member to be expelled is not subject to voluntary regulation of the Association.

(1) Unauthorized membership

For unauthorized membership, because the initial membership itself is considered invalid, expulsion shall be imposed.

(2) Insolvency

If the subject Full Member does not voluntarily withdraw from the Association, expulsion thereof shall be considered.

(3) When any disposition taken by any government agency or any disposition taken by the Association is violated

If wrongfulness is found in the subject Full Member's refusing to abide by the disposition taken by the Associate, expulsion thereof shall be considered.

(4) Arrears in membership fees etc.

If a Full Member is delinquent in paying membership fee for no justifiable reason, its membership shall be suspended or restricted. When the situation, such as continuous failure to pay membership fee, is not improved even during the period of suspension or restriction of membership, expulsion, etc. shall be considered.

(5) False report, etc.

If a false report is made, or basic obligations as a Full Member, such as submission of materials, are not fulfilled, the non-fulfillment of obligations shall be disclosed. If the situation is considered significantly malicious or the non-fulfillment of obligations continues for one year or more, expulsion, etc. shall be considered.

(6) When antisocial forces are involved in corporate management, etc.

If any antisocial force is found to exist among major shareholders, directors, etc. or if any antisocial force is found to be involved in corporate management, etc., expulsion, etc. shall be considered.

(7) When the total period of restriction or suspension of membership exceeds one year.

If any Full Member has been subjected to restriction or suspension of membership in the past five (5)



years, and the total period of the restriction or suspension exceeds one year, expulsion, etc. shall be considered.

(8) Others

In addition to what is stated above, the following situations are also taken into account in considering expulsion.

- Case where it is recognized that there has been an organized act; for example, there has been leading or active involvement of the senior management (director) in violation of Laws and Ordinances, etc.
- Case where there is any substantial deficiency in follow-up measures; for example, any appropriate improvement measures have not been taken for no justifiable reason and the situation is equivalent to abandonment of the matter.
- Case where it is recognized that the circumstances are extremely malicious; for example, there has been concealment of facts, which was done organizationally.

(End)

# Concept of Dispositions Against Sales Representatives

Established on July 15, 2021

## 1. Basic Concept

With regard to the Financial Instruments Intermediary Service under the Financial Instruments and Exchange Act, the Association will take dispositions against sales representatives (including dispositions against individual financial instruments intermediary service providers; hereinafter referred to as “Sales Representatives Disposition”). The main purpose of Sales Representatives Dispositions is to prevent the occurrence of any violation of laws and ordinances, etc. by sales representatives and to prevent the recurrence thereof, thereby securing fairness in transactions, etc. for public offering or private placement of investment trusts and thoroughly protecting investors, thereby contributing to the maintenance and improvement of confidence in the asset management business and the financial instruments exchange market.

The Association, therefore, has decided to sort out considerations to be taken into account in Sales Representatives Dispositions, and then clarify and break down them into patterns in order to ensure effectiveness of such Dispositions.

Based on this concept, elements to be considered in the examination of dispositions against sales representatives are summarized as stated in 2. below. It is expected that this arrangement will increase the transparency and predictability of dispositions against sales representatives and will also contribute to the improvement of compliance awareness among sales representatives with laws and ordinances, etc.

The following items are examples of factors to be taken into account in the examination of dispositions, and other items that are deemed necessary may be taken into consideration according to the content of the matter.

## 2. Factors to be Considered When a Disposition is Taken upon Occurrence of Violation of Laws and Ordinances, etc.

### (1) Seriousness of the act

The period and frequency (number of cases) of violation of laws and ordinances, etc., the number of persons engaged in such violation, the effect in terms of value (damage to customer assets), etc. shall be taken into consideration.

When it is determined that any violation of laws and ordinances, etc. has been committed for a long period of time or on a large scale, strict measures shall be taken accordingly.

### (2) Malicious nature of the act

#### (i) Presence or absence, and degree of willful intention or negligence

In any violation of laws and ordinances, etc., measures shall be taken in consideration of whether

such violation of laws and ordinances, etc. was committed intentionally, such as the case where it is recognized that there was a purpose of obtaining its own gain, or caused by carelessness or negligence such as a mistake in paperwork.

When the degree of willful intention or negligence is deemed serious, strict measures shall be taken accordingly. .

(ii) Position of the person engaged in the violation

The title of the violator of laws and ordinances, etc. shall be taken into consideration. For example, when the violator of laws and ordinances, etc. is a manager or the like, such as an officer in the financial instruments intermediary service provider, strict measures shall be taken accordingly in consideration of the position in the same industry, level of responsibility, and other factors.

(iii) Repeatability, and presence or absence of similar indication in the past

When any similar violation of laws and ordinances, etc. is repeatedly committed or when any similar violation has been pointed out in a past administrative inspection or inspection by a self-regulatory organization, etc., measures shall be taken in consideration of responses to the previous notice and the status of corrective measures taken.

If there is any substantial imperfection in the subsequent response, such as failure to take appropriate improvement measures, or if the previous indication has been overlooked, strict measures shall be taken accordingly.

(3) Impact of the act

(i) Extent of loss of confidence in the asset management business

Measures shall be taken in consideration of the extent to which investors' confidence in the asset management business may be lost, such as the fairness of transactions, in the public offering or private placement of investment trusts.

In the event that the impact on investors is deemed material and the credit of the asset management business is deemed substantially impaired, strict measures shall be taken accordingly.

(ii) Effect on customers, presence or absence of complaints from customers

Measures shall be taken in consideration of the content and extent of losses imposed on customers and the status of complaints from customers regarding violation of laws and ordinances, etc.

In the event that the impact on customers is deemed serious, such as a serious concern arising about the protection of customer assets, etc. due to a great number of customers subject to the violation of laws and ordinances, etc. and a huge amount of effects, strict measures shall be taken accordingly.

(4) Awareness and attitude about compliance with Laws and Ordinances, etc.

Measures shall be taken in consideration of recognition of Laws and Ordinances, etc., compliance

awareness, and attitude with regard to violation of Laws and Ordinances, etc.

In the event of any lack of awareness of compliance with Laws and Ordinances, etc., strict measures shall be taken accordingly.

(5) Status of response to violation of laws and ordinances, etc.

(i) Background to discovery of violation of Laws and Ordinances, etc.

It is taken into account whether the violation of laws and ordinances, etc. was discovered through an administrative inspection or an inspection by a self-regulatory organization, or through a self-inspection, etc.

In principle, while when the violation was discovered through an administrative inspection or an inspection by a self-regulatory organization, strict measures shall be taken accordingly, mitigation measures may be considered when the violation was discovered through a self-inspection, etc.

(ii) Status of corrective measures after discovery

Measures shall be taken in consideration of responses made after any violation of laws and ordinances, etc. was discovered, such as restoration to original state, and the status of improvement to prevent the recurrence.

When it is recognized that immediate and appropriate corrective measures have been taken, it may be considered as a mitigating factor. In addition, if corrective measures are considered insufficient, including the lapse of time, after the discovery of violation of Laws and Ordinances etc., the measures may be taken as an aggravating factor.

(6) Whether or not antisocial forces are involved

When any antisocial force is involved in any violation of Laws and Ordinances, etc., strict measures shall be taken accordingly.

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## Code of Conduct for Confidence in Investment Trusts

### I. Sincerity and Fairness

The investment trust management company shall act with sincerity and fairness in pursuit of the best interests of investors and the development and soundness of the market.

### II. Professional Competence and Due Care

The investment trust management company shall endeavor to secure personnel possessing the knowledge of experts and strive to maintain and improve their capabilities and shall also act with professional competence and due care in the performance of its duties.

### III. Information Disclosure

The investment trust management company shall disclose information appropriately in order to maintain transparency in the investment trust and to contribute to the investment decisions of investors.

### IV. Independence

The investment trust management company shall provide and manage investment trust instruments in accordance with investor needs from an independent standpoint based on its expert judgment.

### V. Conflict of Interest

The investment trust management company shall control any potential or apparent conflicts of interest in a fair and effective manner, such as by identifying and appropriately disclosing such conflicts of interest.

### VI. Efficiency

The investment trust management company shall prioritize the interests of investors and shall always strive for efficient management. In addition to that, the investment trust management company shall also proactively consider the possibility when there may be some measures that would contribute to the interests of investors in consideration of market trends and the status of investments and take appropriate measures as needed.

### VII. Relationship with the Investee Company

The investment trust management company shall endeavor to promote constructive dialogue with the investee company aimed at increasing the corporate value of the investee company, and shall exercise its voting rights appropriately and publish the results thereof.

### VIII. Risk Management

The investment trust management company shall endeavor to establish a risk management process and verify and review its effects so as to ensure efficient risk management.

### IX. Compliance with Laws, Regulations, etc.

The investment trust management company shall comply with all applicable laws, ordinances, regulations, and the basic terms and conditions of the investment trust.

### X. Governance

In order to implement the above, the investment trust management company shall secure an appropriate in-house governance system through efforts such as seeking advice from outside the company as needed.

## Asset Management Business Declaration 2020

~ Working with you to create our future assets and society ~

*“Invest for a Brighter Future”*

### [Social Mission]

The mission of an asset management company is to strive towards forming stable assets for everyone, to address social issues through investment activities aimed at that purpose, and to contribute to the realization of an affluent life and a sustainable society for all.

### [Vision]

#### <<Pursuing Expertise and Creativity>>

In order to provide the best investment results and high value-added services, all officers and employees are fully aware of the fact that we are entrusted with the management of your important assets. We have the responsibility and pride to do so and always pursue high levels of expertise and diverse creativity.

#### <<Prioritizing Customer Profit>>

Prioritizing the long-term profitability of your assets is the basis of our approach to the asset management you rely on us for. We constantly pursue a variety of efforts for achieving this thoroughly and strive to satisfy your expectations.

#### <<Responsible Investment Activities>>

We perform responsible investment activities such as specialized research activities and active dialogue with investee companies to increase the value of the assets we oversee and contribute to the realization of a prosperous and sustainable society.

#### <<Gaining Your Trust>>

By clearly stating our strengths - including our investment philosophy - and further improving our investment capabilities and the products and services we offer by working hard, we aim to gain additional trust and entrusted management of your assets.