

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.