

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.