

# Rules for Valuation and Accounting of Investment Trust Properties

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## 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.