

# Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services

Established on June 10, 2021

## Article 1. Purpose

The purpose of these Rules is to provide for the standard of services and sales representative qualifications, etc. of officers or employees (hereinafter referred to as the “Employees, etc.”) engaged in the Financial Instruments Intermediary Services of a Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation (hereinafter referred to as the “Financial Instruments Intermediary Service”) as well as to clarify members’ responsibilities for supervising Employees, etc., thereby protecting investors and ensuring the proper and smooth operation of business.

## Article 2. Definition

In these Rules, the definitions of the terms set forth in the following items are as prescribed respectively in those items.

### (1) Acts of Financial Instruments Intermediation

The acts set forth in Article 2, Paragraph 11, Item 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”).

### (2) Financial Instruments Intermediary Service

Services pertaining to the acts set forth in the preceding item.

### (3) Financial Instruments Intermediary Service Provider

A Financial Instruments Intermediary Service Provider prescribed in Article 4, Paragraph 1, Item 1 of the Articles of Incorporation.

### (4) Officer

An officer of a corporate Financial Instruments Intermediary Service Provider who is in charge of the Financial Instruments Intermediary Service.

### (5) Employee

An employee or other worker of a Financial Instruments Intermediary Service Provider who is engaged in the Financial Instruments Intermediary Service at its business office or other offices located in Japan.

### (6) Sales Representative

An Employee, etc. of a Financial Instruments Intermediary Service Provider who has been registered as Sales Representative of the Financial Instruments Intermediary Service Provider prescribed in Article 64, Paragraph 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act.

### (7) Duties of Sales Representatives

The acts set forth in Article 64, Paragraph 1, Item 1 of the FIEA as applied mutatis mutandis pursuant to Article 66-25 of such Act in connection with acts of financial instruments intermediation.

### Article 3. Compliance with Laws, Regulations, and Rules, etc.

When Employees, etc. of a Financial Instruments Intermediary Service Providers engage in the Financial Instruments Intermediary Service, Full Members shall ensure that this business is performed in a fair and proper manner in accordance with the FIEA, other relevant laws and regulations, and the rules of the Association.

### Article 4. Prohibited Acts

Full Members shall prevent the Employees, etc. of a Financial Instruments Intermediary Service Provider from performing any of the acts set forth in the following items:

- (1) Solicitation through the provision of conclusive evaluations about price increases or decreases for beneficiary certificates, etc. (meaning beneficiary certificates (including book-entry transfer beneficial interest in an investment trust), investment securities (including book-entry transfer investment equity) or investment corporation bond certificates (including book-entry transfer investment corporation bonds); the same shall apply hereinafter);
- (2) Solicitations that present false representations or representations which are likely to cause a misunderstanding of significant matters;
- (3) Solicitations or actions with a promise to bear all or part of the loss to customers
- (4) Solicitations or actions with a promise to offer special benefits to customers
- (5) Having a customer acquire beneficiary certificates, etc. while knowing that interested parties of a Full Member are providing credit to the customer on the condition that the customer purchases said beneficiary certificates, etc.
- (6) Solicitations for the acquisition of an amount of beneficiary certificates, etc. that exceeds the customer's financial resources as known through the customer card, etc.
- (7) Handling direct offerings or private placement for beneficiary certificates, etc. on a customer account without obtaining the customer's consent;
- (8) Solicitations or actions that obligate customers to share profits or losses;
- (9) Accepting an application to acquire beneficiary certificates, etc. from a customer while knowing that the customer is using a name other than their own
- (10) Not immediately delivering to the other party any money deposited by a customer, any beneficiary certificates, etc. requested to be deposited at an asset management company, any money to be delivered to a customer, any beneficiary certificates, etc. to be returned, and any documents relating to the business
- (11) The lending or borrowing of money or beneficiary certificates, etc. to or from customers in connection with the handling of direct offerings or private placement of Beneficiary Certificates, etc.
- (12) Actions that divulge any secret that may have become known over the course of duties
- (13) Not explaining significant matters of a switchover of beneficiary certificates, etc. (meaning the acquisition of beneficiary certificates, etc. following the early cancellation of part of an investment trust agreement involving actually held beneficiary certificates, etc., the refund of investment units, or the

sale of such beneficiary certificates, etc.) to customers (except professional investors (meaning professional investors as defined in Article 2, Paragraph 31 of the FIEA (excluding those customers deemed to not be professional investors as defined in Article 34-2, Paragraph 5 of such Act and including those deemed as professional investors as defined in Article 34-3, Paragraph 4 of such Act (including when applied mutatis mutandis pursuant to Article 34,-4, Paragraph 6 of such Act)).) when soliciting such a switchover of beneficiary certificates, etc.

#### Article 5. Misconduct

Full Members shall instruct and supervise the Employees, etc. of Financial Instruments Intermediary Service Providers so that they will not conduct any of the acts set forth in the following items (hereinafter referred to as “Misconduct”):

- (1) Executing a customer’s order without confirming the contents thereof;
- (2) Soliciting to mislead customers on any of the matters set forth in (a) through (c) below:
  - (a) The nature of the securities
  - (b) The conditions of the transaction
  - (c) An increase or decrease in the price of securities
- (3) Mishandling business due to negligence in the execution of a customer’s order;
- (4) Erroneously executing a customer’s orders due to the malfunctioning of an electronic data processing system; or
- (5) Committing any other act in violation of laws and regulations.

#### Article 6. Disposition of Violators

If the Employees, etc. of a Financial Instruments Intermediary Service Provider (including a person who was an Employee, etc.; the same shall apply hereinafter) commits an act that runs counter to any of the provisions of Article 6 or each item of Article 4 of the Rules on Registration, etc. of Sales Representatives (hereinafter referred to as the “Rules on Sales Representatives”) or is misconduct prescribed in the preceding article in connection with the Financial Instruments Intermediary Service, the Full Member shall take the proper disposition of such Employees, etc. according to the nature of the violation.

#### Article 7. Accident Report

1. If a Full Member is discovered to have caused any loss to a customer through any act by the Employees, etc. of a Financial Instruments Intermediary Service Provider that runs counter to any laws or regulations or any provisions of Article 6 or each item of Article 4 of the Rules for Sales Representatives or that is misconduct prescribed in Article 5 herein, in connection with the Financial Instruments Intermediary Service, such Full Member shall immediately submit to the Association an accident report by means of the Attached Form using the “Electronic Notification and Storage System for Notifications from Members of the Association” (hereinafter referred to as the “Notification Management System of Investment Trusts Association”). Provided, however, that this shall not apply to cases where the misconduct set forth in Article 5, Items 1 and 2 is due to negligence as well as the misconduct set forth in Item 3.

2. Whenever a new matter to be reported arises with regard to the content of the report in the preceding paragraph, Full Members shall resubmit to the Association the report in that paragraph detailing these circumstances using the Notification Management System of Investment Trusts Association.
3. When requested by the Association to provide an explanation or evidential documents pertaining to the contents of a report submitted as prescribed in the preceding two paragraphs, the Full Member shall comply with such requests without delay.

#### Supplementary Provision

These Rules shall come into effect on the date of approval (July 1, 2021) by the competent government agency for amendments to Articles of Incorporation.

Attached Form

Application Date YYYY/MM/DD

To: Chairperson of the Investment Trusts Association, Japan

(Trade Name or Name)

(Representative)

The Financial Instruments Intermediary Service Provider conducting the Financial Instruments Intermediary Service entrusted by the Company has been discovered to have caused a loss to a customer due to the act of its Employees, etc. that runs counter to laws or regulations, any provisions of Article 6 or each item of Article 4 of the Rules on Registration, etc. of Sales Representatives or misconduct prescribed in Article 5 of Rules on Services of Employees, etc. Engaged in Financial Instruments Intermediary Services. Therefore, the Company hereby reports such losses under the provisions of Article 7 of the Rules on Service of Employees, etc. Engaged in Financial Instruments Intermediary Services.

Notice

Name and Provisions, etc. of Laws and Regulations, and the Rules of the Association, etc.	
Outline of the Case	
Contents of Acts, etc.	1. Contents of acts 2. Background, causes, etc. of occurrence 3. Status of internal control system at the time of occurrence 4. Status of correction and improvement 5. Reporting to supervisory government agency

[Contact person]      Affiliation  
                                 Title and name  
                                 Telephone Number

[Precautions for Descriptions]

1. Briefly enter the contents in the "Outline of the Case" column and enter details in the "Contents of Acts" column.
2. Describe in detail the beginning of discovery, date and time of occurrence, department of occurrence, etc. for "Background of Occurrence."
3. If the status of corrections or improvements that they're being formulated or improved, a separate report shall be submitted after the completion thereof.  
In addition, if dispositions, etc. are made, the details thereof shall also be described.
4. Whether a report has been made to the supervisory government agency, and if so, the details (date of report, etc.) thereof shall be entered, and a copy thereof shall be attached thereto.  
(Please remove the red text before submitting this report.)