

# **Regulation for Enforcement of the Act on Engagement in Trust Business by a Financial Institution**

(Ministry of Finance Order No. 16 of March 31, 1982)

The Minister of Finance hereby issues a Ministerial Order to revise the whole of the Matters on Concurrent Operation of Savings Bank Business or Trust Business by a Commercial Bank, etc. (Ministry of Finance Order No. 44 of 1943) as follows based on the provisions of Article 7 of the Trust Business Act as applied mutatis mutandis pursuant to Article 4 of the Act on Concurrent Operation of Trust Business by a Commercial Bank, Article 13, paragraph (3) of the Banking Act, and Article 1 of the Cabinet Order on Granting of Credit to One Person by a Trust Bank and for the purpose of enforcing the Act on Concurrent Operation of Trust Business by a Commercial Bank.

(Application for Authorization for Engagement in Trust Business)

Article 1 (1) A Financial Institution (meaning any of the Financial Institutions listed in the items of Article 2 of the Order for Enforcement of the Act on Engagement in Trust Business by a Financial Institution (Cabinet Order No. 31 of 1993; hereinafter referred to as the "Order"); hereinafter the same applies) intending to make an application for authorization for engagement in Trust Business (meaning Trust Business prescribed in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution (Act No. 43 of 1943; hereinafter referred to as the "Act"); hereinafter the same applies) pursuant to Article 1, paragraph (1) of the Act must submit to the Prime Minister through the Commissioner of the Financial Services Agency a written application for authorization signed by all of its directors (when the applicant is a Company with Nominating Committee, etc., directors and executive officers; and when the applicant is a Financial Institution falling under any of Article 2, items (iii) through (xv) of the Order, directors) by attaching a document describing the type and method of business (hereinafter referred to as the "Business Rules") as well as the following documents:

- (i) a written statement of reasons;
- (ii) the articles of incorporation;
- (iii) a certificate of registered matters;
- (iv) the relevant minutes of shareholders meeting (or, when the applicant is a Financial Institution falling under any of Article 2, items (iii) through (xv) of the Order, general meeting of members or general meeting) (when a resolution is deemed to have been made at a shareholders meeting pursuant

- to the provisions of the Companies Act (Act No. 86 of 2005), a document proving the applicability of the provisions) or the organizational meeting (when a resolution is deemed to have been made at an organizational meeting pursuant to the provisions of the Companies Act, a document proving the applicability of the provisions);
- (v) a document stating the expected income and expenditure for the first three business years after the commencement of Trust Business;
  - (vi) the latest balance sheet, profit and loss statement, statement of changes in net assets (in the case of a Financial Institution falling under any of Article 2, items (iii) through (xv) of the Order, the latest proposed appropriation of surplus or proposed disposition of loss), and the notes thereto;
  - (vii) curriculum vitae of directors and company auditors (in the case of a Company with Audit and Supervisory Committee, directors; in the case of a Company with Nominating Committee, etc., directors and executive officers; and in the case of a Financial Institution falling under any of Article 2, items (iii) through (xv) of the Order, directors and auditors);
  - (viii) in the case of a company with accounting advisors, curriculum vitae of the accounting advisors (in the case of an accounting advisor who is a juridical person, a document containing the history of the accounting advisor);
  - (ix) the latest daily trial balance or other documents with which the status of the property and the profit and loss of the applicant can be ascertained;
  - (x) a document containing the location of business offices (or, in the case of a Financial Institution falling under any of Article 2, items (iii) through (xv) of the Order, offices);
  - (xi) internal rules on the following matters:
    - (a) trust property accounting;
    - (b) preparation, preservation, and inspection of books and documents; and
    - (c) operation of the businesses pertaining to internal controls prescribed in the items of Article 40, paragraph (2) of the Regulation for Enforcement of the Trust Business Act (Cabinet Office Order No. 107 of 2004) (limited to those that include provisions to clarify the internal rule to assume responsibility pertaining to the operations); and
  - (xii) any other documents containing information that should serve as a reference in conducting the examination prescribed in Article 1, paragraph (3) of the Act.
- (2) When the Prime Minister has received an application for authorization made pursuant to the provisions of the preceding paragraph from a Financial Institution that is already in operation or engaging in any business at the time of the application, the Prime Minister is to conduct the examination prescribed in Article 1, paragraph (3) of the Act in consideration of the following matters:
- (i) whether the recent status of business, property, and profit and loss of the

- person who made the application (hereinafter referred to as the "Applicant" in this Article) is favorable and is expected to continue to be favorable after the commencement of the business pertaining to the application; and
- (ii) whether the Applicant is found to be a person who is able to perform Trust Business in an appropriate, fair, and efficient manner and has sufficient social credibility, in light of the status of securing officers or employees who have sufficient knowledge and experience relevant to Trust Business, the system for ensuring appropriate business management, etc.
- (3) When the Prime Minister has received an application for authorization made pursuant to the provisions of paragraph (1) from a Financial Institution other than those prescribed in the preceding paragraph, the Prime Minister is to conduct the examination prescribed in Article 1, paragraph (3) of the Act in consideration of the following matters:
- (i) whether the amount of stated capital or the total amount of contribution of the Applicant is sufficient for the sound and efficient performance of the Trust Business proposed in the application;
- (ii) whether the Applicant is expected to record a profit for a single business year by the time when three business years have passed since the commencement of the business;
- (iii) whether the adequacy of equity capital of the Applicant is expected to be at appropriate levels by the time when three business years have passed since the commencement of the business; and
- (iv) whether the Applicant is found to be a person who is able to perform Trust Business in an appropriate, fair, and efficient manner and has sufficient social credibility, in light of the status of securing officers or employees who have sufficient knowledge and experience relevant to Trust Business, the system for ensuring appropriate business management, etc.

(Preliminary Examination for Authorization for Engagement in Trust Business)

Article 2 A person intending to obtain the authorization for engagement in Trust Business pursuant to the provisions of Article 1, paragraph (1) of the Act may request preliminary examination by submitting documents equivalent to those prescribed in the preceding Article to the Prime Minister through the Commissioner of the Financial Services Agency.

(Businesses in Which Financial Institutions Are Prohibited from Engaging)

Article 3 (1) Businesses specified by Cabinet Office Order as prescribed in Article 3, item (iv) of the Order are the following businesses:

- (i) trusts in which the acts prescribed in Article 2, item (ii) of the Real Estate Brokerage Act (Act No. 176 of 1952) are conducted in the course of the

- management or disposition of trust property (including the acts necessary for the achievement of the purpose of the trust; hereinafter the same applies) (excluding trusts of property including Land, etc. (meaning Land, etc. prescribed in Article 3, item (i) of the Order; the same applies in the following paragraph) the whole or part of whose purpose is the disposition of land, etc.);
- (ii) the trust agreement agency businesses listed in Article 1, paragraph (1), item (i) of the Act that pertain to the trusts prescribed in the preceding item;
  - (iii) real property appraisal;
  - (iv) business of providing advice on investment in real property; and
  - (v) business falling under Commodities Investment Advisory Business prescribed in Article 2, paragraph (3) of the Act on Regulation of Commodity Investment (Act No. 66 of 1991).
- (2) In accepting a trust falling under Article 3, item (i), sub-item (a) or (b) of the Order, a Financial Institution engaged in Trust Business may not dispose of the Land, etc. that it acquired as part of trust property until one year has elapsed from the date of the acquisition, unless there are unavoidable circumstances such as natural disaster.

(Type and Method of Business)

Article 4 (1) A Financial Institution engaged in Trust Business must include the following matters in the Business Rules:

- (i) basic policy on business operations;
- (ii) the system for the implementation of Trust Business;
- (iii) the following matters pertaining to the trust to be accepted:
  - (a) type of trust property to be accepted;
  - (b) methods of management or disposition of trust property;
  - (c) methods of segregated management of trust property;
  - (d) when part of Trust Business is entrusted to a third party, the contents of the Trust Business to be entrusted and the standard and procedure for the selection of the third party to whom the business is to be entrusted (excluding cases where the business to be entrusted falls under any of the items of Article 22, paragraph (3) of the Trust Business Act (Act No. 154 of 2004) as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act);
  - (e) matters concerning compensation of losses in principal or making up for profits prescribed in Article 6 of the Act; and
  - (f) basic policies on solicitation of conclusion of a trust agreement, clarification of the contents of a trust agreement, and provision of information about the status of trust property; and
- (iv) the type of the concurrently operated businesses falling under any of the

items of Article 1, paragraph (1) of the Act (when the concurrently operated business is Business for the Sale and Purchase, etc. of a Trust Beneficial Interest set forth in item (ii) of the same paragraph, the system for the implementation of the business is included).

(2) The matters set forth in item (iii), sub-item (a) of the preceding paragraph are to be specified in accordance of the following categories of property and with regard to the property listed in items (iv), (viii), (ix), and (xi), the details thereof are to be described:

- (i) money;
- (ii) securities;
- (iii) monetary claim;
- (iv) movables;
- (v) land and land fixtures;
- (vi) superficies;
- (vii) leasehold of land and land fixtures;
- (viii) security interest;
- (ix) Intellectual Property Right (meaning Intellectual Property Right prescribed in Article 2, paragraph (2) of the Intellectual Property Basic Act (Act No. 122 of 2002); the same applies in Article 19, paragraph (1), sub-item (vii));
- (x) Specified Equity (meaning Specified Equity prescribed in Article 2, paragraph (6) of the Act on Securitization of Assets (Act No. 105 of 1998));
- (xi) properties other than those listed in the preceding items; and
- (xii) two or more properties listed in any of the preceding items that are of different type.

(Notification of Business Security Deposit)

Article 5 (1) A person who has made a deposit pursuant to the provisions of Article 11, paragraphs (1), (4), or (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency, etc. (meaning, in the case of Financial Institutions engaged in Trust Business designated by the Commissioner of the Financial Services Agency under Article 18, paragraph (1) of the Order, the Commissioner of the Financial Services Agency, or, in the case of any other Financial Institutions, the Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau having jurisdiction over the location of the head office or the principal office of the Financial institutions; hereinafter the same applies) a written notification of business security deposit prepared using appended form 1 by attaching the authenticated copy of the deposit document pertaining to the deposit.

- (2) When a Financial Institution engaged in Trust Business (including a person other than Financial Institution engaged in Trust Business who has made a deposit under Article 11, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act) replaces deposited property that has already been deposited, it must notify the Commissioner of the Financial Services Agency, etc. to that effect by attaching an authenticated copy of the deposit document as after the replacement, after making a new deposit for the replacement.
- (3) Upon receipt of the authenticated copy of the deposit document set forth in preceding two paragraphs, the Commissioner of the Financial Services Agency, etc. must deliver a retention certificate to the depositor.

(Notification of Conclusion of a Contract in Lieu of Business Security Deposit)

- Article 6 (1) When a Financial Institution engaged in Trust Business has concluded a contract prescribed in Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (including cases where it has changed the contents of the contract by obtaining the approval of the Commissioner of the Financial Services Agency, etc.), it must notify the Commissioner of the Financial Services Agency, etc. to that effect by submitting a written notice of conclusion of business security deposit guarantee contract prepared using appended form 2, attaching a copy of the contract document, and present the original of the contract document.
- (2) When a Financial Institution engaged in Trust Business intends to amend or cancel the contract in lieu of business security deposit, it must make an application for approval by submitting to the Commissioner of the Financial Services Agency, etc. a written application for approval of an amendment to business security deposit guarantee contract prepared using appended form 3 or a written application for approval of cancellation of business security deposit guarantee contract prepared using appended form 4.
- (3) When an application for approval is made under the preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to examine whether the amendment to or the cancellation of the contract in lieu of business security deposit by the Financial Institution engaged in Trust Business that made the application for approval is unlikely to compromise the protection of the beneficiaries.
- (4) When a Financial Institution engaged in Trust Business has amended or cancelled a contract in lieu of business security deposit by obtaining the approval of the Commissioner of the Financial Services Agency, etc., it must notify the Commissioner of the Financial Services Agency, etc. to that effect by submitting a written notice of amendment to business security deposit guarantee contract prepared using appended form 5, attaching a copy of the

contract document or by submitting a written notice of cancellation of business security deposit guarantee contract prepared using appended form 6, attaching a document proving the fact that the contract has been cancelled, and present the original of the contract document in the case of amendment to the contract.

(5) Financial Institutions specified by Cabinet Office Order as prescribed in Article 5 of the Order are the following Financial Institutions:

- (i) a Long Term Credit Bank prescribed in Article 2 of the Long Term Credit Bank Act (Act No. 187 of 1952);
- (ii) a Cooperative Structured Financial Institution prescribed in Article 2, paragraph (1) of the Act on Preferred Equity Investment by Cooperative Structured Financial Institution (Act No. 44 of 1993); and
- (iii) the Shoko Chukin Bank Limited.

(Initial Date in Counting the Period for an Additional Business Security Deposit)

Article 7 The day specified by Cabinet Office Order as prescribed in Article 11, paragraph (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is the day specified in the following items for the categories of cases respectively prescribed therein with regard to the cause of the deficiency in the amount of business security deposit:

- (i) the case where the amount of business security deposit prescribed in Article 11, paragraph (10) of the Trust Business Act (including the contract amount prescribed in paragraph (3) of the same Article) fell short of the amount specified in Article 4 of the Order as a result of the Financial Institution engaged in Trust Business changing the contents of the contract prescribed in Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (hereinafter referred to as "Contract" in this item and the following item) by obtaining the approval under Article 5, item (iii) of the Order (referred to as "Approval" in the following item): The day on which the contents of the Contract were changed;
- (ii) the case where the Financial Institution engaged in Trust Business cancelled the Contract by obtaining the Approval: The day on which the Contract was cancelled;
- (iii) the case where the procedure for the execution of the right set forth in Article 6 of the Order has been completed: The day on which the Financial Institution engaged in Trust Business received a copy of the payment entrustment document set forth in Article 11, paragraph (3) of the Regulation on Business Security Deposit of Financial Institutions Engaged in Trust Business (Cabinet Office Order and Ministry of Justice Order No. 4 of 2004); and

(iv) the case where the Commissioner of the Financial Services Agency, etc. converted deposited securities (including book-entry transfer bonds, etc. prescribed in Article 278, paragraph (1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001)) into money and deposited the amount obtained by deducting the expense for the conversion into money from the conversion value, in order to take the procedure for the execution of the right set forth in Article 6 of the Order: The day on which the Financial Institution engaged in Trust Business received the written notice of deposit set forth in Article 12, paragraph (4) of the Regulation on Business Security Deposit of Financial Institutions Engaged in Trust Business.

(Types of Securities That Can Be Used for Business Security Deposit)

Article 8 Securities specified by Cabinet Office Order as prescribed in Article 11, paragraph (9) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following securities:

- (i) national government bond certificates (including those the ownership of the right of which is determined based on the description or record in the book-entry transfer account book under the provisions of the Act on Transfer of Bonds, Shares, etc.; the same applies in paragraph (1), item (i) of the following Article);
- (ii) local government bond certificates;
- (iii) government guaranteed bond certificates (meaning those securities listed in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) for which the government guarantees payment of the principal and interest; hereinafter the same applies); and
- (iv) company bond certificates and other bond certificates that are designated by the Commissioner of the Financial Services Agency (excluding those in registered form, those issued on a discount basis, and those listed in the preceding items).

(Value of Securities That Can Be Used for Business Security Deposit)

Article 9 (1) The value of securities that are deposited to fulfill the business security deposit requirement pursuant to Article 11, paragraph (9) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act is the amount specified in the following items for the categories of securities respectively prescribed therein:

- (i) national government bond certificates: The face value (for those the ownership of the right of which is determined based on the statement or record in the book-entry transfer account book under the provisions of the Act on Transfer of Bonds, Shares, etc., the amount described or recorded in the book-entry transfer account book; hereinafter the same applies in this



Article);

- (ii) local government bond certificates: The amount calculated by deeming every one hundred yen of the face value to be ninety yen;
  - (iii) government guaranteed bond certificates: The amount calculated by deeming every one hundred yen of the face value to be ninety-five yen; and
  - (iv) company bond certificates and other bond certificates specified in item (iv) of the preceding Article: The amount calculated by deeming every one hundred yen of the face value to be eighty yen.
- (2) With regard to securities that have been issued on a discount basis, the provisions of the preceding paragraph apply by deeming the amount obtained by adding the amount calculated by the following formula to the issue price to be the face value:
- $$((\text{face value} - \text{issue price}) / \text{number of years from the issue date to the redemption date}) \times (\text{number of years from the issue date to the deposit date})$$
- (3) In the calculation by the formula set forth in the preceding paragraph, fractions below one year are omitted for the number of years from the issue date to the redemption date and the number of years from the issue date to the deposit date, and fractions below one yen are omitted for the amount obtained by dividing the difference between the face value and the issue price by the number of years from the issue date to the redemption date.

(Exclusion from Application of Entrustment of Trust Business)

Article 10 Businesses specified by Cabinet Office Order as prescribed in Article 22, paragraph (3), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following businesses:

- (i) when it is prescribed in the act of trust that a Financial Institution engaged in Trust Business is to engage in a business pertaining to disposition of trust property and other acts necessary for the achievement of the purpose of the trust based only on the instructions of the settlor or the beneficiary (including a person entrusted by such person with the authority to give instructions), the business;
- (ii) when it is prescribed in the act of trust that a person to whom Trust Business is entrusted by a Financial Institution engaged in Trust Business is to engage in a business pertaining to disposition of trust property and other acts necessary for the achievement of the purpose of the trust based only on the instructions of the Financial Institution engaged in Trust Business (including a person entrusted by the Financial Institution engaged in Trust Business with the authority to give instructions), the business; and
- (iii) acts having supporting functions for the performance of the business conducted by a Financial Institution engaged in Trust Business.

(Parent Juridical Person or Affiliated Juridical Person)

Article 11 (1) Persons specified by Cabinet Office Order as prescribed in Article 8, paragraph (3) of the Order are the following juridical persons, etc. (meaning the juridical persons, etc. prescribed in the same paragraph; hereinafter the same applies in this Article); provided, however, that this does not apply to cases where it is found to be obvious that such juridical person, etc. has no control over the decision-making body (meaning the decision-making body prescribed in the same paragraph; hereinafter the same applies in this paragraph) of any other juridical person, etc. in view of their financial, operational or business relationship:

- (i) a juridical person, etc. who holds, on its own account, a majority of the voting rights of another juridical person, etc. (excluding a juridical person, etc. who has received a ruling for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, or commencement of reorganization proceedings, or a juridical person, etc. equivalent thereto, where no effective dominant-subordinate relationship is found to exist; hereinafter the same applies in this paragraph);
- (ii) a juridical person, etc. who holds, on its own account, forty percent or more and fifty percent or less of the voting rights of another juridical person, etc. and satisfies any of the following requirements:
  - (a) the total number of voting rights held by the juridical person, etc. on its own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the juridical person, etc. due to a close relationship therewith in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the juridical person, etc. constitutes a majority of the voting rights of the relevant other juridical person, etc.;
  - (b) persons who are or had been officers (meaning directors, executive officers, accounting advisors (including members of an accounting advisor who are to perform its duties if the accounting advisor is a juridical person), company auditors or persons who hold a position similar thereto; hereinafter the same applies in this Article), member who executes the business, or employees of the juridical person, etc. and are personally capable of having influence on decisions on the policy of finance and operations or business of the relevant other juridical person, etc. constitute a majority of the members of the board of directors or other equivalent body of the relevant other juridical person, etc.;
  - (c) there exists between the juridical person, etc. and the relevant other juridical person, etc. a contract, etc. that controls important decisions on

the policy of finance and operations or business of the relevant other juridical person, etc.;

- (d) the juridical person, etc. provides a loan (including guarantee of obligations and provision of collateral; hereinafter the same applies in this Article) that constitutes more than half of the total amount of the procured funds of the relevant other juridical person, etc. (limited to those included in the liability section of the balance sheet) (including the case where the amount of such loan constitutes more than half of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the juridical person, etc. in terms of contribution, personnel affairs, funds, technology, transactions or other matters); or
  - (e) there is any other fact suggesting that the juridical person, etc. has control over the decision-making body of the relevant other juridical person, etc.
- (iii) a juridical person, etc. when the total number of voting rights held by the juridical person, etc. on its own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the juridical person, etc. due to a close relationship therewith in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the juridical person, etc. (including the case where the juridical person, etc. does not hold any voting rights on its own account) constitutes a majority of the voting rights of another juridical person, etc., and the juridical person satisfies any of the requirements listed in (b) to (e) of the preceding item.
- (2) Persons specified by Cabinet Office Order as prescribed in Article 8, paragraph (4) of the Order are the following persons; provided, however, that this does not apply to cases where it is found to be obvious that a juridical person, etc. (including a Subsidiary Juridical Person, etc. of the juridical person, etc. (meaning a Subsidiary Juridical Person, etc. prescribed in paragraph (3) of the same Article; hereinafter the same applies in this Article)) is not capable of having significant influence on decisions on the policy of finance and operations or business of another juridical person, etc. other than its Subsidiary Juridical Person, etc. in view of their financial, operational or business relationship:
- (i) when a juridical person, etc. holds, on its own account, not less than twenty percent of the voting rights of another juridical person, etc. other than its Subsidiary Juridical Person, etc. (excluding another juridical person, etc. other than its Subsidiary Juridical Person, etc. who has received a ruling for commencement of bankruptcy proceedings, commencement of rehabilitation

- proceedings, or commencement of reorganization proceedings, or another juridical person, etc. other than its Subsidiary Juridical Person, etc. equivalent thereto, when it is found that the juridical person, etc. is not capable of having significant influence on decisions on the policy of finance and operations or business of the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc.; hereinafter the same applies in this paragraph), the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc.;
- (ii) when a juridical person, etc., (including Subsidiary Juridical Person, etc. of the juridical person, etc.) holds, on its own account, fifteen percent or more and less than twenty percent of the voting rights of another juridical person, etc. other than its Subsidiary Juridical Person, etc., the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc., provided that it satisfies any of the following requirements:
    - (a) a person who is or had been an officer, a member who executes the business, or an employee of the juridical person, etc. and is personally capable of having influence on decisions on the policy of finance and operations or business of the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc. holds the office of a representative director, a director, or a position equivalent thereto of the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc.;
    - (b) the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc. has received an important loan from the juridical person, etc.;
    - (c) the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc. has received provision of important technology from the juridical person, etc.;
    - (d) the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc. carries out important operational or business transactions with the juridical person, etc.; or
    - (e) there is any other fact suggesting that the juridical person, etc. has significant influence on decisions on the policy of finance and operations or business of the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc.
  - (iii) when the total number of voting rights held by a juridical person, etc. (including Subsidiary Juridical Person, etc. of the juridical person, etc.) on its own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the juridical person, etc. due to a close relationship therewith in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by

persons who agree to exercise their voting rights in the same manner as the intent of the juridical person, etc. (including the case where the juridical person, etc. does not hold any voting rights on its own account) constitutes not less than twenty percent of the voting rights of another juridical person, etc. other than its Subsidiary Juridical Person, etc., the relevant other juridical person, etc. other than its Subsidiary Juridical Person, etc., provided that it satisfies any of the requirements listed in (a) to (e) of the preceding item.

- (3) In the case of a special purpose company (meaning Specific Purpose Company prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets and any other entity engaging in a business equivalent thereto whose ability to change the contents of its business is restricted; hereinafter the same applies in this paragraph), when it is established for the purpose of having the holders of securities issued by it (including the creditors pertaining to Specific Borrowings prescribed in paragraph (12) of the same Article) enjoy the profit generated from assets transferred to it at a fair value and the business of the special purpose company is performed appropriately in accordance with its purpose, notwithstanding the provisions of paragraph (1), the special purpose company is found to be independent from the juridical person, etc. who has transferred assets to the special purpose company (hereinafter referred to as "Transferor Judicial Person, etc." in this paragraph) and be presumed not to constitute a Subsidiary Juridical Person, etc. of its Transferor Judicial Persons etc.
- (4) The provisions of Article 8, paragraph (6) of the Order apply mutatis mutandis to the voting rights held by a juridical person, etc. prescribed in the items of paragraph (1) and the items of paragraph (2) for the cases respectively prescribed therein.

(Complaint Processing Measures and Dispute Resolution Measures in Connection with Specific Concurrent Business)

Article 11-2 (1) Measures specified by Cabinet Office Order as Complaint Processing Measures as referred to in Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are any of the following measures:

(i) taking all of the following measures:

(a) establishing a business operation system sufficient to execute business pertaining to the processing of Complaints Related to Specific Concurrent Business (meaning Complaints Related to Specific Concurrent Business prescribed in Article 12-2, paragraph (4) of the Act; hereinafter the same applies in this paragraph and paragraph (3)) in a fair and appropriate manner;

- (b) establishing internal rules for executing business pertaining to the processing of Complaints Related to Specific Concurrent Business in a fair and appropriate manner (limited to such rules containing provisions which clearly establish an internal allocation of responsibility related to such business); and
- (c) informing its customers of where to file Complaints Related to Specific Concurrent Business and publicizing the business operation system under sub-item (a) and the internal rules under sub-item (b);
- (ii) seeking to process Complaints Related to Specific Concurrent Business through a complaint resolution implemented by a Financial Instruments Firms Association (meaning the Authorized Financial Instruments Firms Association defined in Article 2, paragraph (13) of the Financial Instruments and Exchange Act or the Certified Financial Instruments Business Association defined in Article 78, paragraph (2) of that Act; hereinafter the same applies in item (i) of the following paragraph) or a Certified Investor Protection Organization (meaning the Certified Investor Protection Organization defined in Article 79-10, paragraph (1) of that Act; hereinafter the same applies in that item and in Article 31-22, paragraph (1), item (vi)) pursuant to the provisions of Article 77, paragraph (1) of that Act (including cases where it is applied mutatis mutandis pursuant to Articles 78-6 and 79-12 of that Act);
- (iii) seeking to process Complaints Related to Specific Concurrent Business through mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Consumer Act (Act No. 78 of 1968);
- (iv) seeking to process Complaints Related to Specific Concurrent Business through complaint processing procedures implemented by a person specified in the items of Article 13 of the Order;
- (v) seeking to process Complaints Related to Business of a Financial Instruments Business through complaint processing procedures implemented by a juridical person who has a financial basis and a personnel structure sufficient to execute business pertaining to the processing of Complaints Related to Specific Concurrent Business in a fair and appropriate manner (meaning a juridical person prescribed in Article 12-2, paragraph (1), item (i) of the Act; the same applies in item (v) of the following paragraph).
- (2) The measures to be specified by Cabinet Office Order as Dispute Resolution Measures as referred to in Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are any of the following measures:
  - (i) seeking to resolve Disputes Related to Specific Concurrent Business (meaning Dispute Related to Specific Concurrent Business prescribed in Article 12-2, paragraph (4) of the Act; hereinafter the same applies in this

- Article) through mediation by a Financial Instruments Firms Association or a Certified Investor Protection Organization (meaning mediation prescribed in Article 77-2, paragraph (1) of the Financial Instruments and Exchange Act (including cases where it is applied mutatis mutandis pursuant to Articles 78-7 and 79-13 of that Act));
- (ii) seeking to resolve Disputes Related to Specific Concurrent Business through mediation by an organization as prescribed in the articles of association under Article 33, paragraph (1) the Attorney Act (Act No. 205 of 1949) or in any other rules specified under such articles of association or through arbitration procedures before such organization;
  - (iii) seeking to resolve Disputes Related to Specific Concurrent Business through mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Consumer Act, or resolution based on an agreement prescribed in that Article;
  - (iv) seeking to resolve Disputes Related to Specific Concurrent Business through procedures seeking the resolution of disputes implemented by a person specified in the items of Article 13 of the Order; or
  - (v) seeking to resolve Disputes Related to Specific Concurrent Business through procedures seeking the resolution of disputes implemented by a juridical person who has a financial basis and a personnel structure sufficient to execute business pertaining to the resolution of Disputes Related to Specific Concurrent Business in a fair and appropriate manner.
- (3) Notwithstanding the provisions of the preceding two paragraphs (limited to item (v) of paragraph (1) and item (v) of the preceding paragraph), a Financial Institution engaged in Trust Business must not seek to process Complaints Related to Specific Concurrent Business or resolve Complaints Related to Specific Concurrent Business through procedures implemented by a juridical person who falls under any of the following items:
- (i) a juridical person who was fined pursuant to any provisions of the Act or the Attorney Act and for whom five years have not elapsed since the day on which it served out the punishment or became no longer subject to the punishment;
  - (ii) a juridical person who had its designation under the provisions of Article 12-2, paragraph (1) rescinded pursuant to the provisions of Article 85-24, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act and for whom five years have not elapsed since the day of that rescission, or a juridical person who had its designation listed in the items of Article 13 of the Order rescinded and for whom five years have not elapsed since the day of that rescission; or
  - (iii) a juridical person that has a person falling under any of the following among its officers (when an officer is a juridical person, including a member

who is supposed to conduct the duty thereof; hereinafter the same applies in this item) in charge of its business:

- (a) a person who was sentenced to imprisonment or a severer punishment, or was sentenced under any provisions of the Act or the Attorney Act and for whom five years have not elapsed since the day on which the person served out the punishment or became no longer subject to the punishment; or
- (b) a person who, as a juridical person who had had its designation under the provisions of Article 12-2, paragraph (1) of the Act rescinded pursuant to the provisions of Article 85-24, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, was an officer of that juridical person within one month prior to the day of that rescission and for whom five years have not elapsed since the day of that rescission, or a person who, as a juridical person who had had its designation listed in the items of Article 13 of the Order rescinded, was an officer of that juridical person within one month prior to the day of that rescission and for whom five years have not elapsed since the day of that rescission.

(Conduct Rules Pertaining to Acceptance of Trust)

Article 12 Acts specified by Cabinet Office Order as prescribed in Article 24, paragraph (1), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following acts:

- (i) acts of providing or indicating misleading information to the settlor with regard to matters pertaining to a trust agreement that are so important as to affect the judgment of the settlor;
- (ii) acts of concluding a trust agreement on condition that the Financial Institution engaged in Trust Business or its interested person (meaning interested person prescribed in Article 29, paragraph (2), item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies in this item and Article 23, paragraph (2), item (iv) and paragraph (4)) provides credit to the settlor (excluding those having no risk of lacking in the protection of the settlor) or otherwise using its superior bargaining position or that of its interested person unjustly; and
- (iii) any other acts that violate laws and regulations.

(Cases Where Explanation of Contents of Trust Agreement Is Not Required)

Article 13 (1) Cases specified by Cabinet Office Order as prescribed in the proviso to Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) the case where the settlor is a Qualified Institutional Investor, etc.



- (meaning a Qualified Institutional Investor prescribed in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act, a Trust Company, Foreign Trust Company, and Agent for Trust Agreement prescribed in Article 2, paragraphs (2), (6), and (9) of the Trust Business Act, respectively, and a person who are registered under Article 50-2, paragraph (1) of the same Act; hereinafter the same applies) (excluding the case where provision of explanation prescribed in Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is requested by the Qualified Institutional Investor, etc.);
- (ii) the case where the Financial Institution engaged in Trust Business had previously concluded a money trust agreement or a trust agreement for specific receivables with the same contents with the settlor (limited to the case where the settlor has expressed its intent not to require explanation prescribed in Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act);
  - (iii) the case where an Agent for Trust Agreement who has accepted entrustment from a Financial Institution engaged in Trust Business has already provided the settlor with explanation of the contents of the trust agreement pursuant to the provisions of Article 25 of the Trust Business Act as applied mutatis mutandis pursuant to Article 76 of the same Act;
  - (iv) when the Financial Institution engaged in Trust Business accepts a trust under a loan trust agreement prescribed in Article 2, paragraph (1) of the Loan Trust Act (Act No. 195 of 1952), the case where the Financial Institution engaged in Trust Business has provided the settlor with explanation of the contents of the basic terms and conditions of a trust agreement prescribed in Article 3, paragraph (2) of the same Act;
  - (v) when the Financial Institution engaged in Trust Business accepts a trust under a specific purpose trust agreement prescribed in Article 223 of the Act on Securitization of Assets, the case where the Financial Institution engaged in Trust Business has provided the settlor with explanation of the matters listed in the items of Article 226, paragraph (1) of the same Act and Article 116, items (iii) through (xxi) of the Regulation for Enforcement of the Act on Securitization of Assets (Order of the Prime Minister's Office No. 128 of 2000); and
  - (vi) the case where the Financial Institution engaged in Trust Business accepts a trust under a trust agreement pertaining to a money trust for which compensation of losses in principal or making up for profits is promised under the terms of the contract pursuant to the provisions of Article 6 of the Act (hereinafter referred to as "Trust Agreement with Compensation of Losses in Principal, etc.") (excluding the case where provision of explanation prescribed in Article 25 of the Trust Business Act as applied mutatis

mutandis pursuant to Article 2, paragraph (1) of the Act is requested by the settlor.).

- (2) The term "specific receivables" as used in item (ii) of the preceding paragraph means receivables arising from a contract for recurring transactions between the settlor and the counterparty who is the debtor.

(Cases Where Delivery of Documents at Conclusion of Trust Agreement Is Not Required)

Article 14 Cases specified by Cabinet Office Order as prescribed in the proviso to Article 26, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) the case where the settlor is a Qualified Institutional Investor, etc. and the Financial Institution engaged in Trust Business has obtained the approval of the settlor to the effect that the settlor does not require delivery of documents prescribed in Article 26, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act in advance in writing or by Electromagnetic Means prescribed in Article 16, paragraph (1) and established a system that enables the Financial Institution engaged in Trust Business to promptly deliver the documents when they are requested by the settlor;
- (ii) the case where the Financial Institution engaged in Trust Business had previously concluded a money trust agreement or a trust agreement for specific receivables (meaning the specific receivables defined in paragraph (2) of the preceding Article) with the same contents with the settlor and had previously delivered to the settlor documents pertaining to the trust agreement pursuant to the provisions of Article 26, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (limited to the case where the settlor has expressed its intent not to require delivery of documents prescribed in the same paragraph);
- (iii) the case where the Financial Institution engaged in Trust Business has accepted a trust under a loan trust agreement prescribed in Article 2, paragraph (1) of the Loan Trust Act and delivered to the settlor the beneficiary securities prescribed in paragraph (2) of the same Article;
- (iv) the case where the Financial Institution engaged in Trust Business has accepted a trust under a specific purpose trust agreement prescribed in Article 223 of the Act on Securitization of Assets and delivered to the settlor the beneficiary securities prescribed in Article 234, paragraph (1) of the same Act; and
- (v) the case where the Financial Institution engaged in Trust Business has

accepted a trust under a Trust Agreement with Compensation of Losses in Principal, etc. and established a system that enables the Financial Institution engaged in Trust Business to promptly deliver the documents prescribed in Article 26, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act when they are requested by the settlor.

(Matters to Be Stated in the Documents to Be Delivered at Conclusion of Trust Agreement)

Article 15 (1) Matters listed in Article 26, paragraph (1), item (iv) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are to include the following matters:

- (i) type and value or quantity of the trust property to be initially acquired;
  - (ii) matters concerning transfer of the right to the trust property (including matters concerning the satisfaction of perfection requirements for the property belonging to the trust property);
  - (iii) when acquisition of additional trust property is scheduled after the date of acquisition of the trust property set forth in item (i), the scheduled date of acquisition, the type of the trust property, and the terms and conditions of the acquisition; and
  - (iv) in the case of a Specific Planned Giving Trust (meaning the Specific Planned Giving Trust defined in Article 4-5, paragraph (1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957); hereinafter the same applies in Article 19, paragraph (1), item (xii)), the initial trust principal amount.
- (2) Matters prescribed in Article 26, paragraph (1), item (vi) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are to include the following matters:
- (i) the type of property to be acquired through the management or disposition of trust property; and
  - (ii) when the money belonging to the trust property is invested jointly with the Financial Institution engaged in Trust Business's own property or the money belonging to other trust property, a statement to that effect and the criteria for the distribution of profits and losses between the trust property and the Financial Institution engaged in Trust Business's own property or the relevant other trust property.
- (3) The summary of the transactions listed in the items of Article 29, paragraph (2) of the Trust Business Act as prescribed in Article 26, paragraph (1), item (viii) of the same Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act is to include the terms and conditions of the transactions.

- (4) Matters prescribed in Article 26, paragraph (1), item (ix) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following matters:
- (i) when there are unspecified beneficiaries or beneficiaries yet to exist, their scope, qualification, and other matters necessary for determining the beneficiaries;
  - (ii) when a trust caretaker, trust supervisor, or beneficiaries' agent is designated pursuant to the provisions of Article 123, paragraph (1), Article 131, paragraph (1), or Article 138, paragraph (1) of the Trust Act (Act No. 108 of 2006), respectively, matters concerning the trust caretaker, trust supervisor, or beneficiaries' agent;
  - (iii) when the settlor has the right to designate or change the beneficiaries of the trust, matters concerning the right; and
  - (iv) when a beneficiary is required to manifest the intention to enjoy the profits arising from the trust in order to acquire a beneficial interest, a statement to that effect.
- (5) Matters prescribed in Article 26, paragraph (1), item (x) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following matters:
- (i) the type of trust property to be delivered to the beneficiaries;
  - (ii) The timing and the method of the delivery of trust property; and
  - (iii) when the contents of the matters listed in the preceding two items differ for each beneficiary, the contents.
- (6) Matters prescribed in Article 26, paragraph (1), item (xi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are to include the following matters:
- (i) the amount of trust fees or the calculation method thereof; and
  - (ii) the timing and the method of the payment of trust fees.
- (7) Matters specified by Cabinet Office Order as prescribed in Article 26, paragraph (1), item (xvi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following matters:
- (i) matters concerning risks of loss;
  - (ii) when a Financial Institution engaged in Trust Business concludes a contract under which compensation of losses in principal or making up for profits is promised pursuant to Article 6 of the Act, the rate of compensation of losses in principal or filling in of profits and other matters pertaining thereto;
  - (iii) matters concerning the procedure for transfer of beneficial interest pertaining to the trust;
  - (iv) when transfer of beneficial interest pertaining to the trust is subject to any

- restriction, a statement to that effect and the contents of the restriction;
- (v) when special provisions exist with regard to the following matters, matters concerning the special provisions:
    - (a) handling of Trust Business when there are two or more trustees;
    - (b) resignation of the trustee;
    - (c) appointment of a new trustee at the expiration of the term of office of the current trustee; and
    - (d) cause of termination of the trust; and
  - (vi) the method of public notice of the trustee (including the period of public notice; hereinafter the same applies);
  - (vii) according to the categories specified in the following sub-item (a) or (b), the matters specified in the following sub-item (a) or (b):
    - (a) when there is a Designated Dispute Resolution Organization (meaning the Designated Dispute Resolution Organization defined in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this item): the trade name or name of the Designated Dispute Resolution Organization with whom the Financial Institution engaged in Trust Business concludes a Basic Contract for Implementation of Procedures (meaning the Basic Contract for Implementation of Procedures defined in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this item) for the purpose of taking the measures to conclude such Contract for Implementation of Procedures prescribed in Article 23-2, paragraph (1), item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; or
    - (b) when there is no Designated Dispute Resolution Organization: the contents of the Complaint Processing Measures and Dispute Resolution Measures taken by the Financial Institution engaged in Trust Business pursuant to Article 23-2, paragraph (1), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.
- (8) If a Financial Institution engaged in Trust Business has accepted a limited liability trust prescribed in Article 2, paragraph (12) of the Trust Act, matters specified by Cabinet Office Order as prescribed in Article 26, paragraph (1), item (xvi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are, beyond the matters listed in the items of the preceding paragraph, the following matters:
- (i) the name of the limited liability trust;
  - (ii) the place of administration of affairs of the limited liability trust (meaning the place of administration of affairs prescribed in Article 216, paragraph (2), item (iv) of the Trust Act); and
  - (iii) the distributable amount (meaning the distributable amount prescribed in Article 225 of the Trust Act) and a statement to the effect that payment to

the beneficiary pertaining to the trust property may not be made in any amount exceeding the distributable amount.

(Method That Uses Information and Communications Technology)

Article 16 (1) The methods specified by Cabinet Office Order as prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (including cases where it is applied mutatis mutandis pursuant to Article 27, paragraph (2) and Article 29, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies in this Article) are the following methods (hereinafter referred to as "Electromagnetic Means"):

- (i) the methods listed in sub-items (a) through (d) that use an electronic data processing system:
  - (a) a method in which matters to be stated in the documents (hereinafter referred to as "Matters to be Stated" in this Article) are transmitted through electric telecommunication lines connecting the computer used by a Financial Institution engaged in Trust Business, etc. (meaning a Financial Institution engaged in Trust Business or a person who maintains a file in a computer under its own management under a contract with a Financial Institution engaged in Trust Business and provides the file for use of the settlor or the Financial Institution engaged in Trust Business; hereinafter the same applies in this Article) with the computer used by the settlor, etc. (meaning the settlor or a person who maintains a customer file (meaning a file provided only for use of the settlor; hereinafter the same applies in this Article) in a computer under its own management under a contract with the settlor; hereinafter the same applies in this Article) and recorded in a customer file stored in the computer used by the settlor, etc. (when the settlor, etc. gives an approval that it will, or a notification that it will not receive the provision of the Matters to be Stated through the method prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, the method in which a message to that effect is recorded in a file stored in the computer used by the Financial Institution engaged in Trust Business, etc.);
  - (b) a method in which the Matters to be Stated recorded in a file stored in the computer used by a Financial Institution engaged in Trust Business, etc. are made available for inspection by the settlor through electric telecommunication lines and recorded in a customer file stored in the computer used by the settlor, etc. (when the settlor, etc. gives an approval that it will, or a notification that it will not receive the provision of the

- Matters to be Stated through the method prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, the method in which a message to that effect is recorded in a file stored in the computer used by the Financial Institution engaged in Trust Business, etc.);
- (c) a method in which the Matters to be Stated that are recorded in a customer file stored in a computer used by a Financial Institution engaged in Trust Business, etc. are made available for inspection by the settlor through electric telecommunication lines; and
  - (d) a method in which the Matters to be Stated that are recorded in an inspection file (meaning a file stored in a computer used by a Financial Institution engaged in Trust Business, etc. in which the Matters to be Stated are recorded for the inspection of multiple settlors simultaneously; hereinafter the same applies in this Article) are made available for inspection by the settlor through electric telecommunication lines; and
  - (ii) a method in which a file containing a record of the Matters to be Stated that is prepared by using a medium that allows for secure recording of certain matters such as magnetic disk, CD-ROM, or other methods equivalent thereto is delivered to the settlor, etc.
- (2) The methods prescribed in the items of the preceding paragraph must satisfy the following criteria:
- (i) they are the methods that enable the settlor to create a document by outputting the information recorded in an inspection file or customer file;
  - (ii) in the case of the methods listed in item (i), sub-items (a), (c), and (d) of the preceding paragraph (excluding the method in which the Matters to be Stated are recorded in a customer file stored in a computer used by the settlor), the settlor is notified to the effect that the Matters to be Stated will be or have been recorded in a customer file or an inspection file; provided, however, that this does not apply to cases where it has been confirmed that the settlor had inspected the Matters to be Stated;
  - (iii) in the case of the method set forth in item (i), sub-item (d) of the preceding paragraph, it is the one in which information necessary for the settlor to inspect the inspection file is recorded in the customer file;
  - (iv) in the case of the methods listed in item (i), sub-item (c) or (d) of the preceding paragraph, they are the methods in which the following matters may not be deleted or altered for a period of five years after the day on which the transaction set forth in the Matters to be Stated was last carried out (when a complaint pertaining to the Matters to be Stated is filed before the expiration of the period: for a period until the day on which the period expires or the day on which the complaint is resolved, whichever comes later); provided, however, that the Matters to be Stated may be deleted when

the Matters to be Stated that have been provided for inspection are delivered in writing or by a method set forth in item (i), sub-item (a) or (b) of the preceding paragraph or item (ii) of the preceding paragraph with the approval (meaning the approval by the method prescribed in Article 9, paragraph (1) of the Order) of the settlor or if the settlor has given an instruction to delete the Matters to be Stated:

- (a) with regard to the method prescribed in item (i), sub-item (c) of the preceding paragraph, the Matters to be Stated recorded in the customer file; and
  - (b) with regard to the method prescribed in item (i), sub-item (d) of the preceding paragraph, the Matters to be Stated recorded in the inspection file; and
  - (v) in the case of the method set forth in item (i), sub-item (d) of the preceding paragraph, a condition under which the customer file in which information necessary for the settlor to inspect the inspection file is recorded pursuant to the provisions of item (iii) can be connected with the inspection file through electric telecommunication lines is maintained until the expiration of the period set forth in the preceding item; provided, however, that this does not apply to cases where the settlor who has been provided with the means for inspection has notified to the effect that it is not necessary to maintain the condition under which these files can be connected each other.
- (3) The term "electronic data processing system" as used in paragraph (1), sub-item (i) means the electronic data processing system that connects the computer used by a Financial Institution engaged in Trust Business, etc. with the computer used by the settlor, etc. who maintains a customer file or the computer used by the Financial Institution engaged in Trust Business, etc. through electric telecommunication lines.

Article 17 The type and contents of the method to be specified pursuant to the provisions of Article 9, paragraph (1) of the Order (including cases where it is applied *mutatis mutandis* pursuant to paragraph (3) of the same Article) are the following matters:

- (i) the methods prescribed in the items of paragraph (1) of the preceding Article that are used by the Financial Institution engaged in Trust Business; and
- (ii) the method for recording information in a file.

(Special Provisions on Accounting Period)

Article 18 Cases specified by Cabinet Office Order as prescribed in Article 26, paragraph (3) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) the case where the accounting period is the first accounting period after the



- establishment of the trust and is less than two years;
- (ii) when the day on which one year has elapsed since the first day of an accounting period (referred to as the "Corresponding Day" in the following item and item (iv)) falls on a Sunday, Saturday, holiday prescribed by the Act on National Holidays (Act No. 178 of 1948), the second or third day of January, or the twenty-ninth through thirty first day of December (referred to as "Holiday, etc." in the following item and item (iv)), the case where the day immediately following the Holiday, etc. is regarded as the last day of the accounting period;
  - (iii) when the Corresponding Day and the following day fall on Holidays, etc., the case where the second day after the Corresponding Day is regarded as the last day of the accounting period;
  - (iv) when the Corresponding Day, the following day, and the second day after the Corresponding Day fall on Holidays, etc., the case where the third day after the Corresponding Day is regarded as the last day of the accounting period; and
  - (v) if a Financial Institution engaged in Trust Business has accepted a trust under a Trust Agreement with Compensation of Losses in Principal, etc., the case where the Financial Institution engaged in Trust Business has established a system that enables it to promptly respond to inquiries from the beneficiary (including a trust caretaker or agent for a beneficiary of a trust, if any currently exists; the same applies in paragraph (1), item (v) of the following Article, Article 20, items (i)-2, (vi), (vii) and (ix), Article 23, paragraph (1), item (iii), paragraph (3), item (iii), and paragraph (5), items (i)-2, (iv) and (v), Article 26, Article 34, paragraph (1), item (iii), and Article 35, paragraph (1), item (iii)) on the status of trust property.

(Matters to Be Stated in Written Report on the Status of Trust Property)

Article 19 (1) A written report on the status of trust property prescribed in the main clause of Article 27, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act (hereinafter referred to as "Written Report" in this Article) must include the following matters; provided, however, that this does not apply to the matters listed in items (xiii) to (xv) and the items of paragraph (7) if the beneficiary is a Professional Investor (meaning the Professional Investor defined in Article 2, paragraph (31) of the Financial Instruments and Exchange Act; hereinafter the same applies) or if the Written Report pertains to a trust whose trust property is managed or disposed of based only on the instructions of the settlor or a person entrusted with the authority to give instructions by the settlor (limited to cases where the settlor or the person entrusted with the authority to give instructions by the settlor falls under any of the items of Article 2, paragraph

(1) of Order for Enforcement of the Trust Business Act (Cabinet Order No. 427 of 2004)) or any of the trusts listed in the items of Article 30-2, paragraph (1) of the Regulation for Enforcement of the Trust Business Act:

- (i) the status of assets, liabilities, and the principal as of the last day of the accounting period (hereinafter referred to as the "End of the Current Period" in this Article), and the status of income and expenditure for the accounting period;
- (ii) with regard to shares, the total number and amount of shares bought or sold during the accounting period and for each issue (limited to those held by a trust whose purpose is to invest more than half the amount of trust property in securities prescribed in Article 2, paragraph (1) of the Financial Instruments and Exchange Act (including rights that are deemed to be securities under the provisions of paragraph (2) of the same Article) in an amount exceeding one percent of the total amount of trust property as of the End of the Current Period; the same applies in the following item), the following matters:
  - (a) the number of shares as of the last day of the accounting period immediately preceding the current accounting period of the trust property;
  - (b) the number of shares as of the End of the Current Period; and
  - (c) in the case of a trust that plans to sell the shares, the total market value of the shares as of the End of the Current Period;
- (iii) with regard to government or corporate bonds (meaning government or corporate bonds listed in Article 2, paragraph (1), item (ix) of the Income Tax Act (Act No. 33 of 1965)), for each type of bonds, the total amount of bond certificates bought or sold during the accounting period and for each issue of bonds, the total amount of face value as of the End of the Current Period (including the total market value in the case of a trust that plans to sell the government or corporate bonds);
- (iv) if Derivatives Transactions (meaning Derivatives Transactions prescribed in Article 2, paragraph (20) of the Financial Instruments and Exchange Act; the same applies in Article 31-11, item (ii), sub-item (b) and Article 37, item (ii)) have been carried out, for each type of transaction, the contractual or actual transaction balance as of the End of the Current Period and the contractual or actual transaction amount during the accounting period;
- (v) with regard to real property, real property leasehold interest, or superficies, the following matters (with regard to the matters listed in (b) and (c), excluding cases where the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary (including a person who has acquired Asset Backed Securities issued by a Specific Purpose Company prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets and other person who substantially enjoys the profit arising from the trust

(referred to as "Substantial Beneficiary" in paragraph (6) and Article 23, paragraph (5), item (ii)); hereinafter the same applies in this paragraph) in advance to the effect that it is not necessary to include the matters in the Written Report):

- (a) the location and parcel number of the real property and any other matters necessary for the identification of the real property;
- (b) in the case of a trust that plans to sell real property, the price (meaning the appraisal value, posted price, assessed value of land adjoining a major road for inheritance tax and gift tax purposes, assessed value of real property for property tax purposes (meaning the price registered in the land tax ledger or the supplementary land tax ledger pursuant to the provisions of Article 381, paragraph (1) or (2) of the Local Tax Act (Act No. 226 of 1950)) and other amounts reasonably calculated based on relevant materials) of each real property property as of the End of the Current Period;
- (c) when a lease contract is concluded with regard to real property, for each real property property, the occupancy rate and the total number of the other parties with whom a lease contract has been concluded with regard to the real property property as of the End of the Current Period and the total amount of rental income during the accounting period (when the Financial Institution engaged in Trust Business is unable to include the total amount of rental income due to unavoidable circumstances, a statement to that effect); and
- (d) if the real property has been sold, the total amount the real property bought or sold during the accounting period;
- (vi) with regard to monetary claims, the following matters:
  - (a) the type and the amount of claims as of the End of the Current Period (it would be sufficient to include the total amount for each type of claims) and other matters concerning the contents of the claims; and
  - (b) if claims have been bought or sold, for each type of claims, the total amount the claims bought or sold during the accounting period;
- (vii) with regard to intellectual property rights, the following matters (with regard to the matters set forth in (c), excluding cases where the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary in advance to the effect that it is not necessary to include the matters in the Written Report):
  - (a) the type of intellectual property rights and any other matters necessary for the identification of the intellectual property rights;
  - (b) if a license, right to use, or any other right (hereinafter referred to as "License, etc." in this item) has been established with regard to intellectual property rights by an act of establishment, for each intellectual property

- right, the scope of the License, etc. and other matters concerning the act of establishment of the License, etc.;
- (c) in the case of a trust that plans to sell intellectual property rights, for each intellectual property right, the appraised value as of the End of the Current Period; and
  - (d) for each intellectual property right, the status of transactions during the accounting period;
- (viii) with regard to properties other than those listed in item (ii) through the preceding item (excluding the beneficial interest pertaining to a trust set forth in the following item; hereinafter referred to "Subject Properties" in this item and paragraph (7)), for each type of Subject Properties, the following matters (with regard to the matters set forth in (c), excluding cases where the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary in advance to the effect that it is not necessary to include the matters in the Written Report):
- (a) the type of Subject Properties, the name of the right holder, and any other matters necessary for the identification of the Subject Properties;
  - (b) if a right has been established with regard to the Subject Properties, for each Subject Property, the name of the right holder pertaining to the right and other matters concerning the contents of the right;
  - (c) in the case of a trust that plans to sell Subject Properties, for each Subject Property, the appraised value as of the End of the Current Period; and
  - (d) for each Subject Property, the status of transactions during the accounting period;
- (ix) with regard to beneficial interest pertaining to a trust whose purpose is to have the trustee of another trust acquire the beneficial interest, for each type of trust property pertaining to the beneficial interest, the matters listed in item (ii) through the preceding item pertaining to the immediately preceding accounting period;
- (x) if the Financial Institution engaged in Trust Business has borne obligations (excluding obligations normally borne by the Financial Institution engaged in Trust Business in relation to administration of affairs of a trust), the total amount of the obligations, the amount of the obligations for each contract, and other matters concerning the contents of the obligations (when the obligations are borrowings, including the total amount of the borrowings and for each contract, the attributes of the lender, the amount of borrowing, repayment date, the balance as of the End of the Current Period, the interest rate applicable to the accounting period and the borrowing period, the method for repayment, matters concerning the establishment of collateral, and the purpose and use of the borrowing);
- (xi) when Trust Business pertaining to the trust property other than the

- businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is entrusted to a third party, the name and the address or location of the third party to whom the business is entrusted, the fees pertaining to the entrustment, and the description of the business to be entrusted;
- (xii) in the case of a trust agreement satisfying the requirements of a Specific Planned Giving Trust when the trust agreement is concluded, the amount of giving from the trust property during the accounting period, the name of the person to which the giving is made, and the date of giving;
  - (xiii) changes in the status of trust property during the accounting period (including the main factors contributing to the changes in the value of the trust property);
  - (xiv) changes in the value of the trust property; and
  - (xv) when the Financial Institution engaged in Trust Business is subject to an external audit on Trust Business and receives a report on the external audit during the accounting period, the name of the person who implemented the external audit, the subjects of the external audit, and the outline of the results.
- (2) In including the matters set forth in item (i) of the preceding paragraph, a Financial Institution engaged in Trust Business may substitute the balance sheet as of the End of the Current Period for the status of assets, liabilities, and the principal as of the End of the Current Period and the income and expenditure statement pertaining to the trust property for the accounting period for the status of income and expenditure for the accounting period.
- (3) The Written Report must state the required matters clearly in a manner that the reader can make an accurate judgment on the status of the trust property.
- (4) The amount of the matters listed in the items of paragraph (1) may be indicated in the unit of million yen; provided, however, that this does not apply when there is a risk that the reader cannot make an appropriate judgment on the status of the trust property.
- (5) A Financial Institution engaged in Trust Business must prepare a Written Report pertaining to trust property without delay after the end of the accounting period pertaining to the trust property or the end of the period established by an act of trust and deliver it to the beneficiary; provided, however, that this does not apply to cases falling under any of the items of Article 20 when the Written Report should otherwise be delivered to the beneficiary after the end of the period established by an act of trust.
- (6) Notwithstanding the provisions of paragraph (1), item (v), when the Substantial Beneficiary is a Qualified Institutional Investor prescribed in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange

Act or when the Substantial Beneficiary is a person who has acquired Specified Securities prescribed in Article 5, paragraph (1) of the same Act and the beneficiary has submitted an annual securities report with regard to the Specified Securities pursuant to the provisions of Article 24, paragraph (1) or (3) of the same Act as applied mutatis mutandis pursuant to paragraph (5) of the same Article (or has made a report on the matters listed in paragraph (1), item (v), sub-items (b) and (c) to the Substantial Beneficiary based on a report from a third party when the beneficiary is not required to submit annual securities reports with regard to the Specified Securities under the same Act), a Financial Institution engaged in Trust Business may omit the matters listed in sub-items (b) and (c) of the same item from the Written Report by obtaining the approval of the beneficiary (including an agent for the beneficiary, if any currently exists) in advance to the effect that it is not necessary to include the matters in the Written Report.

(7) When the Subject Properties include Subject Securities (meaning the Subject Securities defined in Article 96, paragraph (4) of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007); hereinafter the same applies in this paragraph and Article 31-22, paragraph (3); excluding those for which the percentage of the amount held to the appraised value of the Subject Properties is less than three percent as of the End of the Current Period), the Financial Institution engaged in Trust Business must include, in the Written Report, the following matters beyond the matters listed in the items of paragraph (1); provided, however, that this does not apply to cases where all these matters are included in the document prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act pertaining to the trust agreement (hereinafter referred to as the "Document to Be Delivered Prior to Conclusion of Contract") or the Contract Change Document or the Written Report prescribed in Article 31-21, paragraph (1), item (iii)(b) that has been delivered to the customer pertaining to the trust agreement within one year before delivery of the Written Report:

- (i) the name of the Subject Securities, calculation method of the value of the Subject Securities, and matters related to the frequency and method of reporting the value to the person who holds the right pertaining to the Subject Securities;
- (ii) the trade name or name, address or residence of the issuer of the Subject Securities, the person who engages in important operations pertaining to the investment of assets invested or paid by the person who holds the right pertaining to the Subject Securities (hereinafter such assets are referred to as "Fund Assets" in this item and item (iv)), the person who engages in important operations pertaining to the custody of the Fund Assets, and the

person who engages in important operations pertaining to the matters listed in the preceding item other than investment and the custody of the Fund Assets (limited to matters related to the calculation method of the value specified in the same item or the method to report such value) (it is referred to as "Persons Related to Fund" ) and matters related to the role sharing of those persons;

- (iii) the capital relationship and personal relationship between the financial institution and the Persons Related to Fund; and
- (iv) the existence of an external audit pertaining to Fund Assets, and when the external audit is implemented, the name of the person who implemented the external audit.

(Delivery Frequency of Written Report on the Status of Trust Property)

Article 19-2 Cases and periods specified by Cabinet Office Order as referred to in the main clause of Article 27, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the cases listed in the following items and the periods specified for the cases respectively prescribed therein:

- (i) when it is prescribed in the act of trust that Financial Institution engaged in Trust Business is to prepare a written report on the status of trust property for each period that is shorter than the accounting period and deliver it to the beneficiary (excluding the cases set forth in the following item), the period prescribed in the act of trust; and
- (ii) in the case of a trust agreement under the provisions of Article 130-2, paragraph (1) of the Employees' Pension Insurance Act (Act No. 115 of 1954) prior to the revision by Article 1 of the Act Partially Amending the Employees' Pension Insurance Act, etc. to Ensure the Soundness and Reliability of the Public Pension System (Act No. 63 of 2013; hereinafter referred to as the "2013 Employees' Pension Revision Act" in this item and Article 22, paragraph (10)) which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (the Employees' Pension Insurance Act prior to the revision is referred to as the "Former Employees' Pension Insurance Act" in Article 22, paragraph (10)) or Article 128, paragraph (3) of the National Pension Act (Act No. 141 of 1959), three months.

(Cases Where Delivery of Written Report on the Status of Trust Property Is Not Required)

Article 20 Cases specified by Cabinet Office Order as prescribed in the proviso to Article 27, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following

cases:

- (i) the case where the beneficiary is a Qualified Institutional Investor, etc. and the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary (including an agent for the beneficiary, if any currently exists; hereinafter the same applies in this item) to the effect that the beneficiary does not require delivery of written report on the status of trust property in advance in writing or by Electromagnetic Means and established a system that enables the Financial Institution engaged in Trust Business to promptly respond to inquiries from the beneficiary on the status of trust property;
- (i)-2 the case where the beneficiaries are beneficiaries of bearer beneficial interest (meaning the bearer beneficial interest prescribed in Article 110, paragraph (3) of the Trust Act; hereinafter the same applies) of a trust with certificate of beneficial interest (meaning the trust with certificate of beneficial interest prescribed in Article 185, paragraph (3) of the same Act; hereinafter the same applies) and the Financial Institution engaged in Trust Business has delivered a written report on the status of trust property to those whose name and address are known to the Financial Institution engaged in Trust Business among the beneficiaries and established a system that enables the Financial Institution engaged in Trust Business to promptly deliver the written report on the status of trust property when it is requested by the rest of the beneficiaries;
- (ii) the case where the Financial Institution engaged in Trust Business delivers written reports on trust property status to a trust caretaker or agent for a beneficiary of a trust, if either currently exists;
- (iii) if the Financial Institution engaged in Trust Business has accepted a trust under a contract for an Investment Trust Managed under Instructions from the Settlor prescribed in Article 3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), the case where the Financial Institution engaged in Trust Business provides the Settlor Company of an Investment Trust (meaning the Settlor Company of an Investment Trust prescribed in Article 2, paragraph (11) of the same Act; hereinafter the same applies) with information necessary for the Settlor Company of an Investment Trust to prepare investment reports set forth in Article 14, paragraph (1) of the same Act;
- (iv) if the Financial Institution engaged in Trust Business has accepted a trust under a trust agreement requiring the Financial Institution engaged in Trust Business to manage or dispose of the trust property in accordance with the instructions given by a Financial Instruments Business Operator, etc. prescribed in Article 34 of the Financial Instruments and Exchange Act (limited to those who engage in Investment Management Business (meaning



- Investment Management Business prescribed in Article 28, paragraph (4) of the same Act; hereinafter the same applies)) and the beneficiaries of the trust are limited to the customers of the Financial Instruments Business Operator, etc., the case where the Financial Institution engaged in Trust Business provides the Financial Instruments Business Operator, etc. with information necessary for the Financial Instruments Business Operator, etc. to prepare investment reports set forth in Article 42-7, paragraph (1) of the same Act;
- (v) if the Financial Institution engaged in Trust Business has accepted a trust under a trust agreement requiring the Financial Institution engaged in Trust Business to manage or dispose of the trust property in accordance with the instructions given by a commodities investment advisor prescribed in Article 2, paragraph (4) of the Act on Regulation of Commodity Investment and the beneficiaries of the trust are limited to the customers of the commodities investment advisor, the case where the Financial Institution engaged in Trust Business provides the commodities investment advisor with information necessary for the commodities investment advisor to prepare written reports set forth in Article 20 of the same Act;
  - (vi) if the Financial Institution engaged in Trust Business has accepted a trust under a Trust Agreement with Compensation of Losses in Principal, etc., the case where the Financial Institution engaged in Trust Business has established a system that enables it to promptly respond to inquiries from the beneficiaries on the status of trust property;
  - (vii) the case where the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary in advance in writing or by Electromagnetic Means to the effect that the delivery of written reports on trust property status may be substituted by the provision of information in writing or by Electromagnetic Means about the contents of each transaction with regard to transactions and the information about the contents of each transaction is provided to the beneficiary in writing or by Electromagnetic Means;
  - (viii) if the Financial Institution engaged in Trust Business has accepted a trust under a trust agreement requiring the Financial Institution engaged in Trust Business to manage or dispose of the trust property as an Asset Management Organization prescribed in Article 2, paragraph (7), item (i), sub-item (b) of the Defined Contribution Pension Act (Act No. 88 of 2001), the case where the Financial Institution engaged in Trust Business provides the Corporate Pension Records-related Administration and Management Organization, etc. prescribed in Article 23, paragraph (1) of the same Act with information necessary for the Corporate Pension Records-related Administration and Management Organization, etc. to make a notification

- set forth in Article 27 of the same Act; and
- (ix) the case where the matters prescribed in the items of paragraph (1) of Article 19 are included or recorded in documents or electromagnetic records (meaning records produced by electromagnetic, magnetic, or any other means under which the recorded information cannot directly be recognized by human perception and provided for use in information processing by a computer (limited to those recorded in a file that is prepared by using a medium that allows for secure recording of certain information such as magnetic disk or other methods equivalent thereto)) prepared for other purposes and the contents included or recorded in the documents or electromagnetic records are provided to the beneficiary in writing or by Electromagnetic Means;
  - (x) the case where the Financial Institution engaged in Trust Business has accepted a trust with certificate of beneficial interest and satisfies all of the following requirements:
    - (a) that the beneficial interest pertaining to the trust with certificate of beneficial interest is listed on a Financial Instruments Exchange (meaning the Financial Instruments Exchange defined in Article 2, paragraph (16) of the Financial Instruments and Exchange Act; hereinafter the same applies) and does not fall under Specified Listed Securities (meaning the Specified Listed Securities defined in paragraph (33) of that Article; hereinafter the same applies in this item and Article 23, paragraph (5), item (v)) or falls under Securities for Professional Investors (meaning the Securities for Professional Investors defined in Article 4, paragraph (3) of that Act; hereinafter the same applies in this item and Article 23, paragraph (5), item (v));
    - (b) that the requirements specified in sub item (a) or sub item (b) below are satisfied according to the category of the cases set forth in the respective sub item (a) or sub item (b) below:
      1. when the beneficial interest is listed on a Financial Instruments Exchange (excluding cases where the beneficial interest is a Specified Listed Security), that information pertaining to the matters to be included in the written report on the status of trust property is correctly disclosed in accordance with the disclosure method prescribed by the Financial Instruments Exchange; and
      2. in cases where the beneficial interest is a Security for Professional Investors, that information pertaining to the matters to be included in the written report on the status of trust property is provided or published pursuant to the provisions of Article 27-32, paragraph (1) or paragraph (2) of the Financial Instruments and Exchange Act as the Information on the Issuer prescribed in Article 27-32, paragraph (1) of

that Act;

- (c) that the Financial Institution engaged in Trust Business has established a system that enables the Financial Institution engaged in Trust Business to promptly deliver the written report on the status of trust property when they are requested by the beneficiary; and
- (d) that the act of trust of the trust with certificate of beneficial interest includes provisions concerning (b) and provisions to the effect that the written report on the status of trust property will not be delivered unless requested by the beneficiary.

(Matters Concerning Establishment of a System for Managing Trust Property Segregated from Own Property and Other Trust Property)

Article 21 (1) A Financial Institution engaged in Trust Business (including a person who has been entrusted with Trust Business excluding the businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the Financial Institution engaged in Trust Business) must clearly separate the property belonging to the trust property from the Financial Institution engaged in Trust Business' own property and the property belonging to the trust property of other trusts by separating the places where they are managed or by other means and manage them in a condition that enables the Financial Institution engaged in Trust Business to distinguish the beneficiaries pertaining to the trust property.

- (2) When a Financial Institution engaged in Trust Business entrusts the management of trust property to a third party pursuant to the provisions of Article 22, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, it must establish a system that is sufficient for ensuring that the third party entrusted with the management of trust property manages the trust property by, among others, separating the property belonging to the trust property from the property of the third party and other property in accordance with the type of trust property.
- (3) A Financial Institution engaged in Trust Business must, in order to clarify the processing and accounting of Trust Business, prepare the books and documents listed in items (i) and (ii) using the appended table and preserve them for the period specified in the following items for the categories of documents respectively prescribed therein:
  - (i) trust account ledger: Ten years from the end of the accounting period of the trust property or the end of the period established by an act of trust;
  - (ii) general ledger: Five years from the date of preparation; and
  - (iii) contract for the entrustment of Trust Business (excluding the businesses

prescribed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act): Five years from the date of termination of the contract.

(Matters Concerning Establishment of a System for Preventing Damage to Trust Property or Loss of Confidence in Trust Business)

Article 22 (1) A Financial Institution engaged in Trust Business (including a person who has been entrusted with Trust Business excluding the businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the Financial Institution engaged in Trust Business) must, in compliance with the following requirements, establish a system that is sufficient for ensuring appropriate performance of the businesses pertaining to internal controls:

- (i) a personnel structure that is able to appropriately perform the businesses pertaining to internal controls is secured;
- (ii) internal rules for the performance of the businesses pertaining to internal controls (limited to those that include provisions for clarifying the internal rule to assume responsibilities concerning the businesses) are established; and
- (iii) the personnel engaging in the businesses pertaining to internal controls is independent from the department that performs the management or disposition of trust property.

(2) The term "businesses pertaining to internal controls" as used in the preceding paragraph means the following businesses:

- (i) the business pertaining to the management of compliance with laws and regulations (meaning the acts of making a judgment whether the contents of a business comply with laws and regulations (including laws and regulations of a foreign state) or dispositions by administrative agencies based on laws and regulations (including equivalent dispositions based on laws and regulations of a foreign state) (hereinafter referred to as "Laws and Regulations, etc." in this item) and the acts of having officers and employees comply with them);
- (ii) the business pertaining to internal audit and internal inspection; and
- (iii) the business pertaining to finance.

(3) A Financial Institution engaged in Trust Business must, in order to ensure the appropriate operation of the trust agreement agency business (meaning the trust agreement agency business prescribed in Article 2, paragraph (8) of the Trust Business Act; hereinafter the same applies) of the Agent for Trust Agreement who has been entrusted with business by the Financial Institution engaged in Trust Business, establish a system that is sufficient for providing guidance to the Agent for Trust Agreement and for inspecting the status of

compliance with the laws and regulations pertaining to the trust agreement agency business of the Agent for Trust Agreement.

- (4) When a Financial Institution engaged in Trust Business conduct its business by establishing its head office or other business office or office in the same building as that of the head office or other business office, office, or agent of another Trust Company, Foreign Trust Company, or Financial Institution (including a business office or office of a Bank Agent prescribed in Article 2, paragraph (15) of the Banking Act (Act No. 59 of 1981), Long Term Credit Bank Agent prescribed in Article 16-5, paragraph (3) of the Long Term Credit Bank Act, Shinkin Bank Agent prescribed in Article 85-2, paragraph (3) of the Shinkin Bank Act, Credit Cooperative Agent prescribed in Article 6-3, paragraph (3) of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949), Labor Bank Agent prescribed in Article 89-3, paragraph (3) of the Labor Bank Act, Specified Credit Business Agent prescribed in Article 92-2, paragraph (3) of the Agricultural Cooperatives Act (Act No. 183 of 1947), Specified Credit Business Agent prescribed in Article 121-2, paragraph (3) of the Fisheries Cooperatives Act (Act No. 242 of 1948), and Norinchukin Bank Agent prescribed in Article 95-2, paragraph (3) of the Norinchukin Bank Act (Act No. 93 of 2001)), it must take appropriate measures to prevent customers from mistaking the Financial Institution engaged in Trust Business for the relevant other Trust Company, Foreign Trust Company, or Financial Institution.
- (5) In the case where a Financial Institution engaged in Trust Business conducts its business by using a computer connected with electric telecommunication lines, it must take appropriate measures to prevent customers from mistaking the Financial Institution engaged in Trust Business for another person.
- (6) A Financial Institution engaged in Trust Business must, with regard to safe control of information handling pertaining the personal information of customers who are individuals, supervision of its employees, and when the handling of the information is entrusted to another person, supervision of the relevant other person, take necessary and appropriate measures for preventing leakage, loss, or damage of the information.
- (7) A Financial Institution engaged in Trust Business take measures to ensure that information provided by an organization related to credit information (meaning one that collects information about the ability of persons with financing needs to repay borrowings and provides the Financial Institution engaged in Trust Business with the information) that pertains to the ability of persons with financing needs who are individuals to repay borrowings is not used for any purposes other than for the examination of the ability of persons with financing needs to repay borrowings.
- (8) In handling personal information regarding race, creed, family origin,

domicile of origin, healthcare, or criminal background of customers who are individuals and other specified non-public information (meaning other information learned in the course of business that has not yet been publicly disclosed), a Financial Institution engaged in Trust Business must take measures to ensure that the information is not used for any purposes other than for ensuring the appropriate operation of the business and for other purposes that are found to be necessary.

- (9) In the cases prescribed in Article 130, paragraph (1), item (xv) of the Cabinet Office Order on Financial Instruments Business, etc., if a Financial Institution engaged in Trust Business has obtained, through the measures prescribed in (a) to (c) of that item taken by the Financial Instruments Business Operator referred to in that item to apply for the acquisition or purchase of Subject Securities (meaning the Subject Securities defined in paragraph (3) of that Article; hereinafter the same applies in this paragraph), the value of the Subject Securities or the audit report, etc. prescribed in paragraph (6) of that Article or if it has received from the Financial Instruments Business Operator a notification of the matters listed in Article 134, paragraph (1), item (ii), sub item (b) (hereinafter referred to as "Matters to be Stated" in this paragraph) pertaining to the Subject Securities that are included in the investment report under Article 42-7, paragraph (1) of the Financial Instruments and Exchange Act delivered to the Right Holders under Article 130, paragraph (1), item (xv) of the Cabinet Office Order on Financial Instruments Business, etc., the Financial Institution engaged in Trust Business must establish a system that is sufficient for ensuring that the value, audit report, etc., and Matters to be Stated are reconciled and that the reconciliation results are notified to the Right Holders.
- (10) When a Financial Institution engaged in Trust Business concludes a trust agreement prescribed in Article 130-2, paragraph (1) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (hereinafter referred to as "pension trust agreement" in this paragraph and the proviso to paragraph (2) of the following Article) and engages in the management of pension benefit funds prescribed in Article 130-2, paragraph (2) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act (hereinafter referred to as "Fund Management" in this paragraph and paragraph (2), item (viii) of the following Article) pursuant to the pension trust agreement, the Financial Institution engaged in Trust Business must establish a system that is sufficient for ensuring that it can provide appropriate explanation on the prospect of profiting and possibility of loss from the Fund Management to the

surviving employee's pension fund (meaning the surviving employee's pension fund defined in Article 3, item (xi) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act; hereinafter the same applies in this paragraph and paragraph (2) of the following Article), the counterparty to the pension trust agreement, when it presents to the Financial Institution engaged in Trust Business the matters prescribed in Article 136-4, paragraph (3) of the Former Employees' Pension Insurance Act which is to remain in force pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the 2013 Employees' Pension Revision Act pursuant to the provisions of that paragraph, in accordance with the presented matters based on the knowledge, experience, and property conditions of the surviving employee's pension fund and the purpose of concluding the pension trust agreement.

(Conduct Rules Pertaining to Trust Property)

Article 23 (1) Transactions specified by Cabinet Office Order as prescribed in Article 29, paragraph (1), item (iii) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following transactions:

- (i) a transaction whose purpose is not found to be solely to receive profits arising from a business conducted by a person other than the Financial Institution engaged in Trust Business itself or the beneficiary pertaining to the trust property by carrying out new transactions with the other party to the transaction;
- (ii) a transaction carried out by using information that is available to a third party;
- (iii) a transaction carried out by disclosing important facts pertaining to the transaction to and obtaining approval in writing or by Electromagnetic Means from the beneficiary pertaining to the trust property; and
- (iv) any other transaction that is found to involve no risk of causing damage to the trust property.

(2) Acts specified by Cabinet Office Order as prescribed in Article 29, paragraph (1), item (iv) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following acts; provided, however, that the acts specified in items (vi) to (viii) are limited to cases of a pension trust agreement:

- (i) an act of specifying the trust property pertaining to a purchase and sale of trust property or other transaction after carrying out the transaction in a manner that provides an unjust profit or causes a disadvantage only to some of the beneficiaries;
- (ii) an act of carrying out, or neglecting to carry out, a transaction pertaining to trust property under unjust restrictions or binding imposed by another

- person;
- (iii) an act of carrying out a transaction for the purpose of artificially pricing a specific asset;
  - (iv) an act of establishing a security interest in the property belonging to the trust property that secures a claim pertaining to a debt belonging to a Financial Institution engaged in Trust Business's own property under terms and conditions that are more disadvantageous to the beneficiary pertaining to the trust property (including a trust caretaker or agent for the beneficiary, if any currently exists) than those of an ordinary transaction except when the Financial Institution engaged in Trust Business conducts such act by disclosing important facts pertaining to the transaction to and obtaining approval in writing or by Electromagnetic Means from the beneficiary and any other act conducted between the Financial Institution engaged in Trust Business and a third party for the trust property that causes conflicts of interest between the trustee or its interested person and the beneficiary;
  - (v) an act of designating an agent for a beneficiary of a trust for the sole purpose of making major changes, etc. to a trust (meaning major changes, etc. to a trust prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act; hereinafter the same applies);
  - (vi) if a Financial Institution engaged in Trust Business has learned that a surviving employee's pension fund is likely to violate the provisions of Article 39-15, paragraph (1) of the Cabinet Order for Employees' Pension Fund (Cabinet Order No. 324 of 1966) prior to the repeal under Article 1 of the Cabinet Order on Revision, etc. of Related Cabinet Orders Accompanying the Enforcement of the Act for Partial Revision to the Employees' Pension Insurance Act, etc. to Ensure the Soundness and Reliability of the Public Pension System (Cabinet Order No. 73 of 2014), which is to remain in force pursuant to the provisions of Article 3, paragraph (2) of the Cabinet Order on Transitional Measures Accompanying the Enforcement of the Act for Partial Revision to the Employees' Pension Insurance Act, etc. to Ensure the Soundness and Reliability of the Public Pension System (Cabinet Order No. 74 of 2014; referred to as the "2014 Cabinet Order on Transitional Measures" in the following item) (the Cabinet Order prior to the repeal is referred to as the "Former Cabinet Order for Employees' Pension Fund" in that item), the act of neglecting to inform the surviving employee's pension fund of that fact;
  - (vii) if a Financial Institution engaged in Trust Business has received instructions from a surviving employee's pension fund to have the surviving employee's pension fund acquire specific financial instruments (meaning the financial instruments defined in Article 2, paragraph (24) of the Financial Instruments and Exchange Act) as investment of trust property or otherwise



- to specify a method of investment in violation of the provisions of Article 30, paragraph (1), item (i) of the Former Cabinet Order for Employees' Pension Fund, which is to remain in force pursuant to the provisions of Article 3, paragraph (2) of the 2014 Cabinet Order on Transitional Measures, the act of responding thereto; and
- (viii) with regard to Fund Management, the act of providing the surviving employee's pension fund with a conclusive assessment of a matter that is uncertain or the act of providing it with information that could mislead it into believing that a matter that is uncertain is actually certain.
- (3) Cases specified by Cabinet Office Order as prescribed in Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:
- (i) the case where a Financial Institution engaged in Trust Business carries out a transaction in accordance with instructions given only by the settlor or a person entrusted with the authority to give instructions by the settlor (excluding the case where such person falls under any of the items of Article 10, paragraph (1) of the Order) or the beneficiary or a person entrusted with the authority to give instructions by the beneficiary;
- (ii) the case where a Financial Institution engaged in Trust Business carries out a transaction in a manner specified by the following for the types of transaction respectively prescribed therein:
- (a) purchase and sale of the following securities (meaning the securities prescribed in Article 2, paragraph (1) and (2) of the Financial Instruments and Exchange Act, including the standardized instruments pertaining to securities (meaning those set forth in Article 2, paragraph (24), item (v) of the same Act; hereinafter simply referred to as the "Standardized Instruments") and the securities set forth in paragraph (1), item (xx) of the same Article that indicate the rights pertaining to these securities and the rights deemed to be securities pursuant to the provisions of paragraph (2) of the same Article that are to be indicated on these securities):
1. securities listed in a Financial Instruments Exchange (excluding Standardized Instruments): Sale or purchase of these securities in a Financial Instruments Exchange Market (meaning a Financial Instruments Exchange Market prescribed in Article 2, paragraph (17) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item) or at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method;
  2. Over-the-Counter Traded Securities (meaning Over-the-Counter Traded Securities prescribed in Article 2, paragraph (8), item (x), sub-item (c) of the Financial Instruments and Exchange Act): Sale or purchase of

- these securities in an Over-the-Counter Securities Market (meaning an Over-the-Counter Securities Market prescribed in Article 67, paragraph (2) of the same Act) or at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method; and
3. the following securities other than those listed in 1. and 2.: Sale or purchase of these securities at a value calculated based on the published closing price of the previous day or at an equivalent value calculated by a reasonable method:
    - i. securities listed in Article 2, paragraph (1), items (i) through (v) of the Financial Instruments and Exchange Act (including securities specified in item (xvii) of the same paragraph that have characteristics of these securities; the same applies in ii.);
    - ii. securities listed in Article 2, paragraph (1), item (ix) of the Financial Instruments and Exchange Act whose price is published based on the rules prescribed by an Authorized Financial Instruments Firms Association (meaning an Authorized Financial Instruments Firms Association prescribed in paragraph (13) of the same Article; the same applies in ii.) or an organization established in a foreign state that have characteristics similar to those of an Authorized Financial Instruments Firms Association; and
    - iii. securities listed in Article 2, paragraph (1), items (x) and (xi) of the Financial Instruments and Exchange Act;
  - (b) Market Transactions of Derivatives prescribed in Article 2, paragraph (21) of the Financial Instruments and Exchange Act and Foreign Market Derivatives Transactions prescribed in paragraph (23) of the same Article: Those transactions carried out in a Financial Instruments Exchange Market or Foreign Financial Instruments Market (meaning a Foreign Financial Instruments Market prescribed in Article 2, paragraph (8), item (iii), sub-item (b) of the Financial Instruments and Exchange Act);
  - (c) purchase and sale of real property: Those that are carried out at a price investigated in consideration of appraisal made by a real estate appraiser; and
  - (d) other transactions: Those carried out under terms and conditions that are not more disadvantageous to the beneficiary than those of an ordinary transaction that would be executed if it is of the same type, in the same quantity, and under same circumstances as the proposed transaction;
  - (iii) the case where, for each individual transaction, a transaction is carried out by disclosing important facts pertaining to the transaction to and obtaining approval in writing or by Electromagnetic Means from the beneficiary pertaining to the trust property; and

- (iv) other cases where a transaction is carried out by obtaining the approval of the Commissioner of the Financial Services Agency, etc. to the effect that the transaction is found not to cause hindrance to the protection of the beneficiary.
- (4) A Financial Institution engaged in Trust Business must, pursuant to the provisions of Article 29, paragraph (3) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act, prepare for each accounting period of the trust property a document containing the following matters and deliver it to the beneficiaries without delay:
- (i) when a party to a transaction is a juridical person, its trade name or other name and the location of its business office or office; when a party to a transaction is an individual, a statement to that effect;
  - (ii) when the other party to a transaction involving trust property is an interested person of the Financial Institution engaged in Trust Business, the relationship between the interested person and the Financial Institution engaged in Trust Business (when the other party to a transaction involving trust property is an interested person of a person who has been entrusted with Trust Business (excluding the businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act) by the Financial Institution engaged in Trust Business, the relationship between the interested person and the person who has been entrusted with Trust Business);
  - (iii) transaction method;
  - (iv) date of execution of transaction;
  - (v) type of the trust property pertaining to the transaction and other matters necessary for the identification of the trust property;
  - (vi) type or issue of the asset or right constituting the subject of the transaction and other matters necessary for the identification of the subject matter of the transaction;
  - (vii) the quantity of the subject matter of the transaction (in the case of transactions executed on a recurring basis based on a specified contract for recurring transactions between the same parties, the quantity of the transactions during an accounting period of the trust property);
  - (viii) the transaction price (with regard to transactions executed on a recurring basis based on a specified contract for recurring transactions between the same parties, the total amount of the prices during an accounting period of the trust property);
  - (ix) reason for the execution of transaction;
  - (x) if a Financial Institution engaged in Trust Business (including a person who has been entrusted with Trust Business excluding the businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied

mutatis mutandis pursuant to Article 2, paragraph (1) of the Act by the Financial Institution engaged in Trust Business) or its interested person has received a fee or other remuneration with regard to the transaction, the amount thereof;

(xi) the date of delivery of the document; and

(xii) other relevant matters.

(5) Cases specified by Cabinet Office Order as prescribed in the proviso to Article 29, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

(i) the case where the beneficiary is a Qualified Institutional Investor, etc. and the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary (including an agent for the beneficiary, if any currently exists; hereinafter the same applies in this item) to the effect that the beneficiary does not require delivery of the document in advance in writing or by Electromagnetic Means and established a system that enables the Financial Institution engaged in Trust Business to promptly respond to inquiries from the beneficiary on individual transactions;

(i)-2 the case where the beneficiaries are beneficiaries of a bearer beneficial interest of a trust with certificate of beneficial interest and the Trust Company has delivered the document to those whose name and address are known to the Trust Company among the beneficiaries and established a system that enables the Trust Company to promptly deliver the document when it is requested by the rest of the beneficiaries;

(ii) if a Financial Institution engaged in Trust Business has carried out a transaction falling under any of the items of Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Act in accordance with instructions given only by the settlor or a person entrusted with the authority to give instructions by the settlor (excluding the case where such person falls under any of the items of Article 10, paragraph (1) of the Order) or the beneficiary or a person entrusted with the authority to give instructions by the beneficiary and the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary (including a Substantial Beneficiary and including a trust caretaker or agent for the beneficiary, if any currently exists; hereinafter the same applies in this item) to the effect that the beneficiary does not require delivery of the document in advance in writing or by Electromagnetic Means and established a system that enables the Financial Institution engaged in Trust Business to promptly respond to inquiries from the beneficiary on individual transactions;

(iii) the case where the Financial Institution engaged in Trust Business delivers the document to a trust caretaker or agent for a beneficiary of a

- trust, if either currently exists;
- (iv) the case where the Financial Institution engaged in Trust Business has obtained the approval of the beneficiary in advance in writing or by Electromagnetic Means to the effect that the delivery of documents prescribed in paragraph (3) of the same Article may be substituted by the provision of information in writing or by Electromagnetic Means about the contents of each transaction with regard to transactions set forth in the items of Article 29, paragraph (2) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act and the information about the contents of each transaction is provided to the beneficiary in writing or by Electromagnetic Means;
  - (v) if the Financial Institution engaged in Trust Business has accepted a trust under a Trust Agreement with Compensation of Losses in Principal, etc., the case where the Financial Institution engaged in Trust Business has established a system that enables it to promptly respond to inquiries from the beneficiaries on individual transactions;
  - (vi) if the Financial Institution engaged in Trust Business has accepted a trust under a contract for an Investment Trust Managed under Instructions from the Settlor prescribed in Article 3 of the Act on Investment Trusts and Investment Corporations, the case where a Financial Institution engaged in Trust Business has carried out a transaction falling under any of the items of Article 29, paragraph (2) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act in accordance with instructions given only by the Settlor Company of an Investment Trust or a person entrusted with the authority to give instructions by the Settlor Company of an Investment Trust under Article 42-3, paragraph (1) of the Financial Instruments and Exchange Act (excluding those who fall under any of the items of Article 10, paragraph (1) of the Order) and established a system that enables the Financial Institution engaged in Trust Business to promptly respond to inquiries from the beneficiary (including an agent for the beneficiary, if any currently exists) on individual transactions;
  - (vii) the case where the Financial Institution engaged in Trust Business carries out the transactions listed in paragraph (3), item (ii), sub-items (a) and (b);
  - (viii) the case where the Financial Institution engaged in Trust Business acquires or transfers monetary claims (limited to those pertaining to call loans, those indicated in certificates of negotiable deposits, or those pertaining to deposits or savings with a Financial Institution); and
  - (ix) the case where the Financial Institution engaged in Trust Business acquires or transfers beneficial interest of a money trust for which compensation of losses in principal is promised under the terms of the contract pursuant to the provisions of Article 6 of the Act;

- (x) the case where the Financial Institution engaged in Trust Business has accepted a trust with certificate of beneficial interest and satisfies all of the following requirements:
- (a) that the beneficial interest pertaining to the trust with certificate of beneficial interest is listed on a Financial Instruments Exchange and does not fall under Specified Listed Securities or falls under Securities for Professional Investors;
  - (b) that the requirements specified in sub item (a) or sub item (b) below are satisfied according to the category of the cases set forth in the respective sub item (a) or sub item (b) below:
    - 1. when the beneficial interest is listed on a Financial Instruments Exchange (excluding cases where the beneficial interest is a Specified Listed Security), that information pertaining to the matters to be included in the document is correctly disclosed in accordance with the disclosure method prescribed by the Financial Instruments Exchange; and
    - 2. in cases where the beneficial interest is a Security for Professional Investors, that information pertaining to the matters to be included in the document is provided or published pursuant to the provisions of Article 27-32, paragraph (1) or paragraph (2) of the Financial Instruments and Exchange Act as the Information on the Issuer prescribed in Article 27-32, paragraph (1) of that Act;
  - (c) that the Financial Institution engaged in Trust Business has established a system that enables the Financial Institution engaged in Trust Business to promptly deliver the document when they are requested by the beneficiary; and
  - (d) that the act of trust of the trust with certificate of beneficial interest includes provisions concerning (b) and provisions to the effect that the document will not be delivered unless requested by the beneficiary.

(Major Changes, etc. to a Trust Not Requiring Public or Individual Notice)

Article 24 Cases specified by Cabinet Office Order as prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following cases:

- (i) the case of a trust under a standard trust agreement prescribed in Article 5, paragraph (1) of the Act;
- (ii) the case of a charitable trust prescribed in Article 1 of the Act on Charitable Trusts (Act No. 62 of 1922);
- (iii) the case of an Investment Trust Managed under Instructions from the Settlor prescribed in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations;

- (iv) the case of a loan trust prescribed in Article 2, paragraph (1) of the Loan Trust Act;
- (v) the case of a specific purpose trust prescribed in Article 2, paragraph (13) of the Act on Securitization of Assets;
- (vi) the case of a participants protection trust prescribed in Article 2, paragraph (11) of the Act on Transfer of Bonds, Shares, etc.;
- (vii) the case of an asset investment contract prescribed in Article 65, paragraph (3) of the Defined-benefit Corporation Pension Act (Act No. 50 of 2001) that is a trust prescribed in paragraph (1), item (i) of the same Article; and
- (viii) the case of a trust pertaining to a qualified retirement pension contract prescribed in Article 20, paragraph (3) of the supplementary provisions of the Corporation Tax Act (Act No. 34 of 1965).

(Method of Public Notice of Major Changes, etc. to a Trust)

Article 25 The public notice prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act must be made by the method of public notice applicable to Financial Institutions engaged in Trust Business.

(Special Provisions on Trust with Certificate of Beneficial Interests Pertaining to Public Notice of Major Changes, etc. to a Trust)

Article 26 When a Financial Institution engaged in Trust Business that is a trustee of a trust with certificate of beneficial interest makes a public notice pursuant to the provisions of the preceding Article, the Financial Institution engaged in Trust Business must individually notify the beneficiaries of bearer beneficial interest whose name and address are known to the Financial Institution engaged in Trust Business of the matters listed in the items of Article 29-2, paragraph (1) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act.

(Matters to Be Included in Public or Individual Notice of Major Changes, etc. to a Trust)

Article 27 Matters specified by Cabinet Office Order as prescribed in Article 29-2, paragraph (1), item (iii) of the Trust Business Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (1) of the Act are the following matters:

- (i) reason for proposing major changes, etc. to a trust;
- (ii) specifics of the proposed major changes, etc. to a trust;
- (iii) scheduled effective date of the proposed major changes, etc. to a trust;
- (iv) period for stating objections; and
- (v) method for stating objections.

(When Major Changes, etc. to a Trust Are Prohibited)

Article 28 Cases specified by Cabinet Office Order as prescribed in Article 29-2, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the cases where, when the contents of beneficial interests of a trust are uneven, the share of a beneficial interest of the trust in the trust property (hereinafter referred to as "Share in Principal" in this Article and the following Article) exceeds half of the total Shares in Principal of all the beneficial interests of the trust at the time of public or individual notice prescribed in Article 29-2, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(Criteria for Approval of Beneficiaries of Exclusion from Application of Major Changes, etc. to a Trust)

Article 29 Those specified by Cabinet Office Order as prescribed in Article 29-2, paragraph (4), item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are, when the contents of beneficial interests of a trust are uneven, the total Shares in Principal of all the beneficial interests of the trust.

(Matters to Be Included in the Explanation of Reimbursement of Costs or Scope of Advance Payment, etc.)

Article 30 Matters specified by Cabinet Office Order as prescribed in Article 29-3 of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are the following matters:

- (i) matters concerning trust fees;
- (ii) matters concerning taxes and other expenses related to trust property;
- (iii) matters concerning risks of loss in trust beneficial interest; and
- (iv) the amount of Costs, etc. (meaning the Costs, etc. prescribed in Article 48, paragraph (1) of the Trust Act) or trust fees, if any, that has been fixed by the time when the Financial Institution engaged in Trust Business proposes to conclude an agreement prescribed in Article 48, paragraph (5) of the same Act (including cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (4) of the same Act).

(Trust Agreements of Which Financial Institution Engaged in Trust Business Are Prohibited from Entrusting a Third Party to Act as an Agent or Intermediary for Conclusion)

Article 31 Trust agreements specified by Cabinet Office Order as prescribed in Article 2, paragraph (2) of the Act are trust agreements pertaining to the



trusts prescribed in Article 3, item (i) of the Order and Article 3, paragraph (1), item (i).

(Types of Contract)

Article 31-2 Types of contract specified by Cabinet Office Order as prescribed in Article 34 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the specific trust agreement (meaning the specific trust agreement prescribed in Article 24-2 of the Trust Business Act; hereinafter the same applies);

Article 31-3 Deleted

(Matters to Be Stated in a Document to Be Delivered to Professional Investors Who Made an Application)

Article 31-4 Matters specified by Cabinet Office Order as prescribed in Article 34-2, paragraph (3), item (iv) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are a statement to the effect that the Applicant (meaning Applicant prescribed in the same paragraph) will be treated as a customer other than Professional Investor with regard to the Subject Contract (meaning the Subject Contract prescribed in Article 34-2, paragraph (2) of the same Act; the same applies in Article 31-6-2) only by a Financial Institution engaged in Trust Business that has accepted the request prescribed in the same paragraph.

(Provision Using Information and Communications Technology)

Article 31-5 (1) Methods specified by Cabinet Office Order as prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including cases where it is applied mutatis mutandis pursuant to Article 34-3, paragraph (12) (including cases where it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act), Article 34-4, paragraph (3), and Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) are the following methods:

- (i) the following methods that use an electronic data processing system:
  - (a) a method in which matters to be stated in the documents (hereinafter referred to as "Matters to be Stated" in this Article) are transmitted through electric telecommunication lines connecting the computer used by a Financial Institution engaged in Trust Business (including a person who maintains a file in a computer under its own management under a contract

with a Financial Institution engaged in Trust Business that provides the matters prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act and provides the file for use of the other party to whom the matters are provided (hereinafter referred to as the "Customer" in this Article) or the Financial Institution engaged in Trust Business; hereinafter the same applies in this Article) with the computer used by the Customer, etc. (meaning the Customer or a person who maintains a customer file (meaning a file provided only for use of the Customer; hereinafter the same applies in this Article) in a computer under its own management under a contract with the Customer; hereinafter the same applies in this Article) and recorded in a customer file stored in the computer used by the Customer, etc. (when the Customer, etc. gives an approval that it will, or a notification that it will not receive the provision of the Matters to be Stated through the method prescribed in the same paragraph, the method in which a message to that effect is recorded in a file stored in the computer used by the Financial Institution engaged in Trust Business that provides the matters prescribed in the same paragraph);

- (b) a method in which the Matters to be Stated recorded in a file stored in the computer used by a Financial Institution engaged in Trust Business are made available for inspection by the Customer through electric telecommunication lines and recorded in a customer file stored in the computer used by the Customer, etc. (when the Customer, etc. gives an approval that it will, or a notification that it will not receive the provision of the Matters to be Stated through the method prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, the method in which a message to that effect is recorded in a file stored in the computer used by the Financial Institution engaged in Trust Business);
  - (c) a method in which the Matters to be Stated that are recorded in a customer file stored in a computer used by a Financial Institution engaged in Trust Business are made available for inspection by the Customer through electric telecommunication lines; and
  - (d) a method in which the Matters to be Stated that are recorded in an inspection file (meaning a file stored in a computer used by a Financial Institution engaged in Trust Business in which the Matters to be Stated are recorded for the inspection of multiple Customers simultaneously; hereinafter the same applies in this Article) are made available for inspection by the Customer through electric telecommunication lines; and
- (ii) a method in which a file containing a record of the Matters to be Stated

that is prepared by using a medium that allows for secure recording of certain matters such as magnetic disk, CD-ROM, or other methods equivalent thereto is delivered to the settlor, etc.

(2) The methods listed in the items of the preceding paragraph must satisfy the following criteria:

- (i) they are the methods that enable the Customer to create a document by outputting the information recorded in a customer file or inspection file;
- (ii) in the case of the methods listed in item (i), sub-item (a), (c), or (d) of the preceding paragraph (excluding the method in which the Matters to be Stated are recorded in a customer file stored in a computer used by the Customer), the Customer is notified to the effect that the Matters to be Stated will be or have been recorded in a customer file or an inspection file; provided, however, that this does not apply to cases where it has been confirmed that the Customer had inspected the Matters to be Stated;
- (iii) in the case of the methods listed in item (i), sub-item (c) or (d) of the preceding paragraph, they are the methods in which the following matters may not be deleted or altered for a period of five years after the day on which the transaction set forth in the Matters to be Stated was last carried out (when a complaint pertaining to the Matters to be Stated is filed before the expiration of the period: for a period until the day on which the period expires or the day on which the complaint is resolved, whichever comes later); provided, however, that the Matters to be Stated may be deleted when the Matters to be Stated that have been provided for inspection are delivered in writing or provided by a method set forth in item (i), sub-item (a) or (b) or item (ii) of the same paragraph with the approval (meaning the approval by the method prescribed in Article 11-2 of the Order) of the Customer or if the Customer has given an instruction to delete the Matters to be Stated:
  - (a) with regard to the method set forth in item (i), sub-item (c) of the preceding paragraph, the Matters to be Stated recorded in the customer file; and
  - (b) with regard to the method set forth in item (i), sub-item (d) of the preceding paragraph, the Matters to be Stated recorded in the inspection file; and
- (iv) the method set forth item (i), sub-item (d) of the preceding paragraph satisfies the following criteria:
  - (a) it is the one in which information necessary for the Customer to inspect the inspection file is recorded in the customer file;
  - (b) a condition under which the customer file in which information necessary for the Customer to inspect the inspection file is recorded pursuant to the provisions of (a) can be connected with the inspection file through electric telecommunication lines is maintained until the expiration of the period

prescribed in the preceding item; provided, however, that this does not apply to cases where the Customer who has been provided with the means for inspection has notified to the effect that it is not necessary to maintain the condition under which these files can be connected each other.

- (3) The term "electronic data processing system" as used in paragraph (1), sub-item (i) means the electronic data processing system that connects the computer used by a Financial Institution engaged in Trust Business with the computer used by the Customer, etc. who maintains a customer file or the computer used by the Financial Institution engaged in Trust Business through electric telecommunication lines.

(Type and Contents of Electromagnetic Means)

Article 31-6 The type and contents of the method to be specified pursuant to the provisions of Article 11-2, paragraph (1) and Article 11-3, paragraph (1) of the Order are the following matters:

- (i) the methods prescribed in the items of paragraph (1) of the preceding Article or the items of Article 31-6-3, paragraph (1) that are used by the Financial Institution engaged in Trust Business; and
- (ii) the method for recording information in a file.

(Matters to Be Stated in a Document to Obtain the Approval of a Person Who Made a Request for Reinstatement to Professional Investor Status)

Article 31-6-2 Matters specified by Cabinet Office Order as prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) the day on which the request is accepted pursuant to the provisions of Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "Date of Acceptance" in this Article);
- (ii) a statement to the effect that the Subject Contract is a specific trust agreement;
- (iii) a statement to the effect that the Applicant for Reinstatement (meaning the Applicant for Reinstatement prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) has understood the following matters:
  - (a) that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply to the case where the Applicant for Reinstatement is a person prescribed in any of those items with regard to the Subject Contract (excluding the cases

- prescribed in the proviso to that Article); and
- (b) that the risk of insufficient protection is involved when a person who, in light of the knowledge, experience and state of property, is deemed inappropriate to be treated as a Professional Investor with regard to Subject Contracts is treated as a Professional Investor;
- (iv) a statement to the effect that the Applicant for Reinstatement will again be treated as a Professional Investor when soliciting the Applicant to conclude, or concluding with the Applicant, the Subject Contract after the Date of Acceptance; and
- (v) a statement to the effect that the Applicant for Reinstatement may make a request prescribed in Article 34-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the Date of Acceptance.

(Obtaining Approval Using Information and Communications Technology)

Article 31-6-3 (1) Methods specified by Cabinet Office Order as prescribed in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including cases where it is applied mutatis mutandis pursuant to Article 34-3, paragraph (3) (including cases where it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article) are the following methods:

- (i) the following methods that use an electronic data processing system:
  - (a) a method in which matters concerning the approval are transmitted through electric telecommunication lines connecting the computer used by a Financial Institution engaged in Trust Business with the computer used by the other party whose approval is sought pursuant to Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "Customer" in this Article) and recorded in a file installed in the computer used by the recipient; and
  - (b) a method in which matters concerning the approval of the Customer recorded in a file installed in the computer used by a Financial Institution engaged in Trust Business are made available for inspection by the Customer through electric telecommunication lines and recorded in a file installed in the computer used by the Financial Institution engaged in Trust Business; and
- (ii) a method in which a Financial Institution engaged in Trust Business

obtains a file containing a record of matters concerning the approval that is prepared by using a medium that allows for secure recording of certain matters such as magnetic disk, CD-ROM, or other methods equivalent thereto.

- (2) The methods listed in the items of the preceding paragraph must be those that enable the Financial Institution engaged in Trust Business to create a document by outputting the information recorded in a file.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means the electronic data processing system that connects the computer used by the Financial Institution engaged in Trust Business with the computer used by the Customer through electric telecommunication lines.

(Expiration Date When a Juridical Person Who Is a Customer Other Than Professional Investor Is Deemed to Be a Professional Investor)

Article 31-7 (1) Cases specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the case where the Financial Institution engaged in Trust Business, having specified a date, has published the following matters by posting them in a place accessible to the public at its business office or office or by other appropriate means:

- (i) the specified date; and
  - (ii) a statement to the effect that the Expiration Date (meaning the Expiration Date prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 31-9) is the day prescribed in the following paragraph.
- (2) The day specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is the date specified by Financial Institution engaged in Trust Business pursuant to the provisions of the preceding paragraph that is the latest day within a period until the day on which one year has elapsed since the Date of Acceptance (meaning the Date of Acceptance prescribed in paragraph (2), item (i) of the same Article; the same applies in paragraph (2), item (iii) of the following Article and Article 31-9).

(Matters to Be Stated in a Document to Obtain the Approval of a Juridical Person Who Is a Customer Other Than Professional Investor When It Made a Request)

Article 31-8 (1) Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2), item (iv), sub-item (a) of the Financial Instruments

and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are a statement to the effect that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply to the case where the Applicant (meaning the Applicant prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in the following paragraph) is a person respectively prescribed in those items with regard to the Subject Contract (meaning the Subject Contract prescribed in item (ii) of the same paragraph; the same applies in the following paragraph and Article 31-9-2).

(2) Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) a statement to the effect that the Applicant will continue to be treated as a Professional Investor with regard to an act conducted after the Expiration Date if it is conducted based on provisions of laws and regulations or terms of a contract in relation to a Subject Contract concluded before the Expiration Date;
- (ii) a statement to the effect that the Applicant will be treated as a Professional Investor with regard to the Subject Contract only by a Financial Institution engaged in Trust Business that has accepted the request prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
- (iii) a statement to the effect that the Applicant may make a request prescribed in Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the Date of Acceptance.

(Period Required for a Juridical Person Who Is a Customer Other Than Professional Investor to Make a Request for Renewal after Making an Initial Request)

Article 31-9 (1) A period specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is eleven months (or the period specified in the following items for the cases respectively prescribed therein):

- (i) the case where the period from the Date of Acceptance to the Expiration Date is less than one year (excluding the case specified in the following item): A period calculated by subtracting one month from the period; and

(ii) the case where the period from the Date of Acceptance to the Expiration Date is less than one month: One day.

(2) With regard to the application of the provisions of the preceding paragraph in the case prescribed by Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, the term "Date of Acceptance" in the same paragraph is deemed to be replaced with "the day immediately following the last Expiration Date."

(Matters to Be Stated in a Document to Be Delivered to a Juridical Person Who Made a Request for Reinstatement to Customer Other Than Professional Investor Status)

Article 31-9-2 Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) the day on which the request is accepted pursuant to the provisions of Article 34-3, paragraph (10) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "Date of Acceptance" in this Article);
- (ii) a statement to the effect that the Subject Contract is a specific trust agreement; and
- (iii) a statement to the effect that a juridical person who made a request pursuant to the provisions of Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act will again be treated as a customer other than Professional Investor when soliciting the juridical person to conclude, or concluding with the juridical person, the Subject Contract after the Date of Acceptance.

(Business Operator Who Can Make a Request for Treatment as Professional Investor)

Article 31-10 (1) Individuals who are business operators that have concluded a Silent Partnership Agreement specified by Cabinet Office Order as prescribed in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are those satisfying either of the following conditions:

- (i) the individual has not obtained the approval of all silent partners with regard to making a request pursuant to the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; or
- (ii) the total amount of contributions made under the Silent Partnership Agreement (meaning a Silent Partnership Agreement prescribed in Article



535 of the Commercial Code (Act No. 48 of 1899)) that the individual has concluded is less than three hundred million yen.

(2) Individuals specified by Cabinet Office Order as prescribed in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following individuals:

- (i) an individual who is a partner who, having concluded a partner partnership contract (meaning a partnership contract prescribed in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896); the same applies in (b)), is entrusted with the execution of business of the partnership under the contract (limited to one who satisfies all of the following conditions):
  - (a) the individual has obtained the approval of all other partners with regard to making a request pursuant to the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
  - (b) the total amount of contributions made under the partnership contract is not less than three hundred million yen;
- (ii) an individual who is a partner who, having concluded a limited liability business partnership agreement (meaning a partnership contract prescribed in Article 3, paragraph (1) of the Limited Liability Partnership Act (Act No. 40 of 2005); the same applies in (b)), is involved in the decision on the execution of important business of the partnership and personally executes the business (limited to one who satisfies all of the following conditions):
  - (a) the individual has obtained the approval of all other partners with regard to making a request pursuant to the provisions of Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
  - (b) the total amount of contributions made under the limited liability business partnership agreement is not less than three hundred million yen.

(Individual Who Can Make a Request for Treatment as Professional Investor)  
Article 31-11 Requirements specified by Cabinet Office Order as prescribed in Article 34-4, paragraph (1), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are to satisfy all of the following requirements:

- (i) it is expected, based on a reasonable judgment from the status of transactions and other circumstances, that the amount calculated as of the Date of Acceptance (meaning the Date of Acceptance prescribed in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same

- applies in the following item, paragraph (2) of the following Article, Article 31-13, paragraph (2), item (iii), and Article 31-13-2) by deducting the total amount of liabilities the of the Applicant (meaning the Applicant prescribed in Article 34-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article and Article 31-13) from the total amount of assets of the Applicant will be not less than three hundred million yen;
- (ii) it is expected, based on a reasonable judgment from the status of transactions and other circumstances, that the total amount of assets (limited to those listed in the following) of the Applicant as of the Date of Acceptance is expected to be not less than three hundred million yen:
    - (a) securities (excluding those specified in sub-items (e) and (f) (limited to contracts that are concluded with a special enterprise operator as defined in Article 2, paragraph (7) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994)));
    - (b) rights pertaining to Derivatives Transactions;
    - (c) specified Savings, etc. prescribed in Article 11-2-4 of the Agricultural Cooperatives Act, Specified Savings, etc. prescribed in Article 11-9 of the Fisheries Cooperatives Act, Specified Savings, etc. prescribed in Article 6-5-2 of the Act on Financial Businesses by Cooperative, Specified Savings, etc. prescribed in Article 89-2 of the Shinkin Bank Act (Act No. 238 of 1951), Specified Savings, etc. prescribed in Article 17-2 of the Long Term Credit Bank Act, Specified Savings, etc. prescribed in Article 94-2 of the Labor Bank Act (Act No. 227 of 1953), Specified Savings, etc. prescribed in Article 13-4 of the Banking Act, Specified Savings, etc. prescribed in Article 59-3 of the Norinchukin Bank Act, and Specified Savings, etc. prescribed in Article 29 of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
    - (d) rights pertaining to insurance claims, mutual aid money, refunds, and other benefits based on a specified mutual aid contract prescribed in Article 11-10-3 of the Agricultural Cooperatives Act, specified mutual aid contract prescribed in Article 12-3, paragraph (1) of the Consumer Cooperatives Act (Act No. 200 of 1948), specified mutual aid contract prescribed in Article 15-7 of the Fisheries Cooperatives Act, specified mutual aid contract prescribed in Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949), and specified insurance contract prescribed in Article 300-2 of the Insurance Business Act (Act No. 105 of 1995);
    - (e) trust beneficial interest pertaining to a specific trust agreement;
    - (f) rights based on a real property specified joint enterprise contract prescribed in Article 2, paragraph (3) of the Act on Specified Joint Real

- Estate Ventures; and
- (g) rights pertaining to Transactions on a Commodity Market (meaning the Transactions on a Commodity Market defined in Article 2, paragraph (10) of the Commodity Derivatives Act (Act No. 239 of 1950); the same applies in Article 37, item (iii)), Foreign Commodity Market Transactions (meaning the Foreign Commodity Market Transactions defined in Article 2, paragraph (13) of that Act; the same applies in that item), and Over-the-Counter Commodity Derivatives Transactions (meaning the Over-the-Counter Commodity Derivatives Transactions defined in Article 2, paragraph (14) of that Act; the same applies in that item); and
- (iii) one year has elapsed since the day on which the Applicant initially concluded a specific trust agreement with the Financial Institution engaged in Trust Business.

(Expiration Date When an Individual Who Is a Customer Other Than Professional Investor Is Deemed to Be a Professional Investor)

Article 31-12 (1) Cases specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the case where the Financial Institution engaged in Trust Business, having specified a date, has published the following matters by posting them in a place accessible to the public at its business office or office or by other appropriate means:

- (i) the specified date; and
- (ii) a statement to the effect that the Expiration Date (meaning the Expiration Date prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 31-13-2) is the day prescribed in the following paragraph.
- (2) The day specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is the date specified by Financial Institution engaged in Trust Business pursuant to the provisions of the preceding paragraph that is the latest day within a period until the day on which one year has elapsed since the Date of Acceptance.

(Matters to Be Stated in a Document to Obtain the Approval of an Individual Who Is a Customer Other Than Professional Investor When the Investor

Made a Request)

Article 31-13 (1) Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2), item (iv), sub-item (a) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are a statement to the effect that the provisions of the items (excluding item (iii) and item (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act do not apply to the case where the Applicant is a person respectively prescribed in those items with regard to the Subject Contract (meaning the Subject Contract prescribed in item (ii) of the same paragraph; the same applies in the following paragraph and Article 31-13-3).

(2) Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) a statement to the effect that the Applicant will continue to be treated as a Professional Investor with regard to an act conducted after the Expiration Date if it is conducted based on provisions of laws and regulations or terms of a contract in relation to a Subject Contract concluded before the Expiration Date;
- (ii) a statement to the effect that the Applicant will be treated as a Professional Investor with regard to the Subject Contract only by a Financial Institution engaged in Trust Business that has accepted the request prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; and
- (iii) a statement to the effect that the Applicant may make a request prescribed in Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act any time on or after the Date of Acceptance.

(Period Required for an Individual Who Is a Customer Other Than Professional Investor to Make a Request for Renewal after Making an Initial Request)

Article 31-13-2 (1) A period specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act is eleven months (or the period specified in the following items for the cases respectively prescribed therein):

- (i) the case where the period from the Date of Acceptance to the Expiration Date is less than one year (excluding the case specified in the following item): A period calculated by subtracting one month from the period; and
  - (ii) the case where the period from the Date of Acceptance to the Expiration Date is less than one month: One day.
- (2) With regard to the application of the provisions of the preceding paragraph in the case prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, the term "Date of Acceptance" in the same paragraph is deemed to be replaced with "the day immediately following the last Expiration Date."

(Matters to Be Stated in a Document to Be Delivered to an Individual Who Made a Request for Reinstatement to Customer Other Than Professional Investor Status)

Article 31-13-3 Matters specified by Cabinet Office Order as prescribed in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the same Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) the day on which the request is accepted pursuant to the provisions of Article 34-4, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (hereinafter referred to as the "Date of Acceptance" in this Article);
- (ii) a statement to the effect that the Subject Contract is a specific trust agreement; and
- (iii) a statement to the effect that an individual who made a request pursuant to the provisions of Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act will again be treated as a customer other than Professional Investor when soliciting the individual to conclude, or concluding with the individual, the Subject Contract after the Date of Acceptance.

(Acts Similar to Advertising)

Article 31-14 The acts specified by Cabinet Office Order as prescribed in the paragraphs of Article 37 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the provision of information with the same contents to a large number of persons by postal mail, Correspondence Delivery (meaning the Correspondence Delivery prescribed in Article 2, paragraph (2) of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) made by a general

correspondence delivery operator prescribed in paragraph (6) of the same Article or by a specified correspondence delivery operator prescribed in paragraph (9) of the same Article), the method of transmission using a facsimile, the method of transmission by sending an electronic mail (meaning an electronic mail prescribed in Article 2, item (i) of the Act on Regulation of Transmission of Specified Electronic Mail (Act No. 26 of 2002)), the method of distribution of fliers or pamphlets or any other method (excluding those listed in the following items):

- (i) the method by distributing a document prepared based on laws and regulations or a disposition given by administrative agencies based on laws and regulations;
- (ii) the method by distributing materials pertaining to analysis or evaluation on individual enterprises that are not used for soliciting the conclusion of a specific trust agreement;
- (iii) the method by providing a premium or other article on which all of the following matters only are indicated (limited to one on which the matters listed in sub-items (b) through (d) are clearly and accurately indicated) (when any of those matters are not indicated on the premium or other article, including the method by providing another article on which such missing matters are indicated in combination with the premium or other article):
  - (a) name of the product (including the common name);
  - (b) the trade name or common name of the Financial Institution engaged in Trust Business that provides information with the same contents to a large number of persons by the method prescribed in this item;
  - (c) matters listed in Article 11-4, paragraph (2), item (i) of the Order (limited to those indicated using letters or numbers that are of a size that is not substantially different from the largest letters or numbers used for indicating other matters);
  - (d) a statement to the effect that the contents of one or more of the following documents should be read sufficiently:
    - 1. Document to Be Delivered Prior to Conclusion of Contract;
    - 2. the prospectus prescribed in Article 31-21, paragraph (1), item (ii) (when there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of the same item, the prospectus and the document); and
    - 3. the Contract Change Document prescribed in Article 31-21, paragraph (1), item (iii), sub-item (b).

(Method of Indication in Advertising, etc. with Regard to the Contents of the Business of Concluding Specific Trust Agreement)

Article 31-15 (1) When a Financial Institution engaged in Trust Business

conducts advertising or an act prescribed in the preceding Article (hereinafter referred to as "Advertising, etc." in this Article) with regard to the contents of its business of conducting specific trust agreements, the Financial Institution engaged in Trust Business must clearly and accurately indicate the matters listed in the items (excluding item (ii)) of Article 37, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* pursuant to Article 2-2 of the Act.

(2) When a Financial Institution engaged in Trust Business conducts Advertising, etc. with regard to the contents of its business of conducting specific trust agreements, the Financial Institution engaged in Trust Business is to indicate the matters set forth in Article 11-4, paragraph (1), item (ii) of the Order by using the letters or numbers in a size that is not substantially different from the largest letters or numbers used for indicating matters other than those matters.

(3) When a Financial Institution engaged in Trust Business conducts Advertising, etc. with regard to the contents of its business of conducting specific trust agreements by having information broadcast through the broadcasting equipment of a Basic Broadcaster (meaning the Basic Broadcaster prescribed in Article 2, item (xxiii) of the Broadcast Act (Act No. 132 of 1950) and excluding the Japan Broadcasting Corporation and the Open University of Japan (meaning the Open University of Japan defined in Article 3 of the Act on the Open University of Japan (Act No. 156 of 2002); the same applies in Article 31-18, paragraph (1), item (ii)) or any of the methods listed in the items of the same paragraph (excluding methods by sound broadcasting), notwithstanding the provisions of the preceding paragraph, the Financial Institution engaged in Trust Business is to indicate the matters set forth in Article 11-4, paragraph (2), item (i) of the Order by using the letters or numbers in a size that is not substantially different from the largest letters or numbers used for indicating matters other than those matters.

(Matters Concerning the Consideration to Be Paid by a Customer)

Article 31-16 (1) The matters specified by Cabinet Office Order as prescribed in Article 11-4, paragraph (1), item (i) of the Order are the amounts or the upper limits of the considerations to be paid by a customer with regard to a specific trust agreement, whether they are known as fees, remunerations, expenses or by any other name (hereinafter referred to as "Fees, etc."), by type of consideration, or the outline of their calculation method (including the percentage to the value of the trust property pertaining to the specific trust agreement or to the profit arising from the conclusion of the specific trust agreement; hereinafter the same applies in this paragraph), and the sum of such amounts, or the upper limit thereof or the outline of their calculation

method; provided, however, that, when it is not possible to indicate these matters, a statement to that effect and the reason therefor are indicated.

- (2) When the investment of the trust property pertaining to a specific trust agreement is made by way of the acquisition of investment trust beneficial interest, etc. (meaning the rights to be indicated on securities listed in Article 2, paragraph (1), item (x) or (xi) of the Financial Instruments and Exchange Act or the rights listed in paragraph (2), item (v) or (vi) of the same Article; hereinafter the same applies in this Article), the Fees, etc. set forth in the preceding paragraph are to include the trust fees and other Fees, etc. pertaining to the investment trust beneficial interest, etc.
- (3) When the property pertaining to the investment trust beneficial interest, etc. referred to in the preceding paragraph is invested in or contributed to other investment trust beneficial interest, etc., the provisions of the preceding two paragraphs apply to the relevant other investment trust beneficial interest, etc. by deeming it as the investment trust beneficial interest, etc. referred to in the preceding paragraph.
- (4) The provisions of the preceding paragraph apply mutatis mutandis to the case where the property pertaining to the investment trust beneficial interest, etc. that is deemed to be the investment trust beneficial interest, etc. referred to in paragraph (2) pursuant to the provisions of the preceding paragraph (including cases where it is applied mutatis mutandis pursuant to this paragraph) is invested in or contributed to other investment trust beneficial interest, etc.

(Important Matters That May Have an Impact on Customers' Judgment)

Article 31-17 Matters specified by Cabinet Office Order as prescribed in Article 11-4, paragraph (1), item (iii) of the Order are the facts concerning important matters pertaining to the specific trust agreement that are disadvantageous to customers.

(Methods Equivalent to the Method by Having Information Broadcast through the Broadcasting Equipment of a Basic Broadcaster, etc.)

Article 31-18 (1) Methods specified by Cabinet Office Order as prescribed in Article 11-4, paragraph (2) of the Order are the following methods:

- (i) the method by having information broadcast using the broadcasting equipment of a Private Broadcaster (meaning the Private Broadcaster defined in Article 2, item (xxv) of the Broadcast Act);
- (ii) the method in which the contents of the information (limited to those that are identical to the matters provided by the method by having information broadcast through the broadcasting equipment of a Basic Broadcaster or the method specified by the preceding item) recorded in a file stored in the computer used by a Financial Institution engaged in Trust Business or a



person who has been entrusted with a business pertaining to Advertising, etc. conducted by the Financial Institution engaged in Trust Business is made available for inspection by customers through electric telecommunication lines; and

(iii) the method by indicating information to the public either indoors or outdoors on a constant basis or continuously for a certain period where the information is posted or indicated on a signboard, a billboard, a poster, a placard or an advertising pillar, advertising board, building or any other structure, etc., or a method similar thereto.

(2) Matters specified by Cabinet Office Order as prescribed in Article 11-4, paragraph (2), item (ii) of the Order are the matters listed in Article 31-14, item (iii), sub-item (d).

(Matters for Which Misleading Advertising Is Prohibited)

Article 31-19 Matters specified by Cabinet Office Order as prescribed in Article 37, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters:

- (i) matters concerning the cancellation of a specific trust agreement;
- (ii) matters concerning the bearing of all or part of losses or guarantee of profits pertaining to a specific trust agreement;
- (iii) matters concerning the planned amount of damages (including penalties) pertaining to a specific trust agreement; and
- (iv) matters concerning the amount or calculation method of the Fees, etc. to be paid by the customer with regard to a specific trust agreement, the method and timing of such payment, and the payee of such payment.

(Method of Preparation of the Document to Be Delivered Prior to Conclusion of Contract)

Article 31-20 (1) The matters listed in the items (excluding items (ii) to (iv) and item (vi)) of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act must be stated clearly and accurately in the Document to Be Delivered Prior to Conclusion of Contract by using letters or numbers printed in a font not smaller than a 8 point font as prescribed in Japanese Industrial Standard Z8305 based on the Industrial Standardization Act (Act No. 185 of 1949) (referred to as "Japanese Industrial Standard" in the following paragraph and paragraph (3)).

(2) Notwithstanding the provisions of the preceding paragraph, the matters listed in Article 37-3, paragraph (1), item (v) and Article 31-22, paragraph (1), item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are to be stated clearly and

accurately in a frame in the Document to Be Delivered Prior to Conclusion of Contract by using letters or numbers printed in a font not smaller than a 12 point font as prescribed in Japanese Industrial Standard Z8305 and also be stated next to the matters prescribed in the following paragraph.

- (3) A Financial Institution engaged in Trust Business is to state the matters, selected from the matters listed in Article 31-22, paragraph (1), item (i) and the items (excluding items (ii) to (iv) and item (vi)) of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, that are particularly important and may have an impact on the judgment of the customer at the beginning of the Document to Be Delivered Prior to Conclusion of Contract using letters or numbers printed in a font not smaller than a 12 point font as prescribed in Japanese Industrial Standard Z8305 in a manner that is easy to understand.

(Cases Where Delivery of Document to Be Delivered Prior to Conclusion of Contract Is Not Required)

Article 31-21 (1) Cases specified by Cabinet Office Order as prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following cases:

- (i) the case where the Financial Institution engaged in Trust Business had previously concluded a specific trust agreement with the same contents with a customer and had previously delivered to the customer the Document to Be Delivered Prior to Conclusion of Contract pertaining to the specific trust agreement pursuant to the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (limited to the case where the customer has expressed its intent not to require delivery of the Document to Be Delivered Prior to Conclusion of Contract);
- (ii) the case where the Financial Institution engaged in Trust Business has delivered a prospectus (meaning a prospectus prescribed in Article 2, paragraph (10) of the Financial Instruments and Exchange Act and limited to one containing all the matters required to be stated in the Document to Be Delivered Prior to Conclusion of Contract in a manner equivalent to the one prescribed in the preceding Article) to the customer (when the prospectus (meaning the prospectus prescribed in the same paragraph) does not contain all of those matters, including the case where a document containing all the matters not contained in the prospectus is delivered as an integral part of the prospectus together with the prospectus) or the cases listed in Article 15, paragraph (2), item (ii) of the same Act; and
- (iii) when a Financial Institution engaged in Trust Business intends to conclude a specific trust agreement the contents of which is to change part of

another specific trust agreement that has already been executed, the following cases:

- (a) the case where there is nothing to be changed in the matters to be stated in the Document to Be Delivered Prior to Conclusion of Contract pertaining to the specific trust agreement that has already been executed as a result of the change; and
  - (b) when there is something to be changed in the matters to be stated in the Document to Be Delivered Prior to Conclusion of Contract pertaining to the specific trust agreement that has already been executed as a result of the change, the case where the Financial Institution engaged in Trust Business has delivered a document containing the matters requiring a change (hereinafter referred to as "Contract Change Document").
- (2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, Article 11-2 of the Order, and Article 31-5 apply mutatis mutandis to the delivery of the document prescribed in item (ii) of the preceding paragraph and the delivery of the Contract Change Document prescribed in item (iii), sub-item (b) of the same paragraph.
- (3) With regard to the application of the provisions of paragraph (1), item (ii) to the prospectus pertaining to beneficiary certificates of an investment trust prescribed in Article 2, paragraph (1), item (x) of the Financial Instruments and Exchange Act (limited to those pertaining to the beneficial interest of an Investment Trust Managed Without Instructions from the Settlor prescribed in Article 2, paragraph (2) of the Act on Investment Trusts and Investment Corporations) (when there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of paragraph (1), item (ii), the prospectus and the document), the phrase "the Document to Be Delivered Prior to Conclusion of Contract in a manner equivalent to the one prescribed in the preceding Article" in the same item is deemed to be replaced with "the Document to Be Delivered Prior to Conclusion of Contract".

(Matters to Be Stated in the Document to Be Delivered Prior to Conclusion of Contract)

Article 31-22 (1) Matters specified by Cabinet Office Order as prescribed in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following matters; provided, however, that this does not apply to the matters listed in item (i)-2, item (vii) and paragraph (3) if the Document to Be Delivered Prior to Conclusion of Contract pertains to a trust whose trust property is managed or disposed of based only on the instructions of the settlor or a person entrusted with the authority to give instructions by the settlor

- (limited to cases where the settlor or the person entrusted with the authority to give instructions by the settlor is any of the persons listed in the items of Article 2, paragraph (1) of Order for Enforcement of the Trust Business Act):
- (i) a statement to the effect that the contents of the Document to Be Delivered Prior to Conclusion of Contract should be read sufficiently;
  - (i)-2 outline of the purpose of the trust;
  - (ii) the matters listed in the items of Article 15, paragraph (7);
  - (iii) when there are risks that a loss could be incurred with regard to the conclusion of a specific trust agreement by a customer due to fluctuations in the money rates, value of currencies, quotations on the Financial Instruments Market (meaning the Financial Instruments Market prescribed in Article 2, paragraph (14) of the Financial Instruments and Exchange Act), and other indicators, following matters:
    - (a) the indicators; and
    - (b) reason for the risks that a loss could be incurred due to fluctuations in the indicators;
  - (iv) the outline of the taxes imposed on the specific trust agreement;
  - (v) the method for the customer to contact the Financial Institution;
  - (vi) whether the Financial Institution is a Target Business Operator (meaning a Target Business Operator prescribed in Article 79-11, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item) of any Certified Investor Protection Organization (limited to cases where the specific trust agreement is the subject of the Certified Businesses (meaning the Certified Businesses prescribed in Article 79-10, paragraph (1) of the same Act) of the Certified Investor Protection Organization) (and the name of the Certified Investor Protection Organization, if any); and
  - (vii) whether the trust business of the financial institution is subject to an external audit on Trust Business and if it is, the name of the person who implemented the external audit, the subjects of the external audit, and the outline of the results.
- (2) If a Financial Institution engaged in Trust Business has accepted a limited liability trust prescribed in Article 2, paragraph (12) of the Trust Act, matters specified by Cabinet Office Order as prescribed in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are, beyond the matters listed in the items of the preceding paragraph, the matters listed in the items of Article 15, paragraph (8).
- (3) When a Financial Institution engaged in Trust Business has a policy to set the Subject Securities of specific issue as trust property pursuant to a specific trust agreement after concluding it, the matters specified by Cabinet Office Order as referred to in Article 37-3, paragraph (1), item (vii) of the Financial

Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the matters listed in the items of Article 19, paragraph (7) beyond the matters listed in the items of paragraph (1).

(Credit Ratings Less Likely to Result in Insufficient Protection of Investors)

Article 31-23 The Credit Ratings specified by Cabinet Office Order as referred to in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:

- (i) a Credit Rating prescribed in Article 2, paragraph (34) of the Financial Instruments and Exchange Act for the assessment of the credit status of the Underlying Assets of the Asset Securitization Products (meaning the Asset Securitization Products as defined in Article 295, paragraph (3), item (i) of the Cabinet Office Order on Financial Instruments Business, etc.; hereinafter the same applies in this item) for which the specific trust agreement was concluded (excluding a Credit Rating which is deemed to be substantially a Credit Rating for the assessment of the credit status of the Asset Securitization Products); and
- (ii) beyond what is provided for in the preceding item, a Credit Rating prescribed in Article 2, paragraph 34 of the Financial Instruments and Exchange Act whose prime object is the assessment of the credit status of securities other than those pertaining to the specific trust agreement or the credit status of any party other than the issuer of the securities (excluding a Credit Rating which is deemed to be substantially the Credit Rating for the assessment of the credit status of the securities or the issuer of the securities).

(Significance of Registration of Credit Rating Agency and Other Matters)

Article 31-24 (1) The matters specified by Cabinet Office Order as referred to in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:

- (i) the significance of a registration under Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) the following information regarding the person who has determined the Credit Rating (meaning the Credit Rating defined in Article 2, paragraph (34) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Article):
  - (a) the trade name or name;
  - (b) when a person is a juridical person (including an organization without juridical personality for which the representative person or administrator has been designated), the names of the officers (in cases of an organization without juridical personality for which the representative person or

- administrator has been designated, the name of such representative person or administrator);
- (c) the name and location of the head office or any other principal business office;
- (iii) an outline of the policies and methods used by the person who has determined a Credit Rating in determining such Credit Rating; and
- (iv) the assumptions, significance and limitations of the Credit Rating.
- (2) Notwithstanding the preceding paragraph, with regard to Credit Ratings determined by a Specified Associated Juridical Person (meaning the Specified Associated Juridical Person defined in Article 116-3, paragraph (2) of the Cabinet Office Order on Financial Instruments Business, etc. ; hereinafter the same applies in this paragraph), the matters specified by Cabinet Office Order as referred to in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:
- (i) the significance of a registration under Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) the trade name or name and the registration number of the Credit Rating Agency whose Associated Juridical Person (meaning the Associated Juridical Person defined in Article 295, paragraph (3), item (x) of the Cabinet Office Order on Financial Instruments Business, etc.) has been designated as the Specified Associated Juridical Person by the Commissioner of the Financial Services Agency pursuant to Article 116-3, paragraph (2) of that Order;
- (iii) the name used by the Specified Associated Juridical Person as a representation of the Credit Rating Business (meaning the Credit Rating Business defined in Article 2, paragraph (35) of the Financial Instruments and Exchange Act);
- (iv) an outline of the policies and methods adopted by the Specified Associated Juridical Person in determining its Credit Ratings, or the way to obtain information on the outline from the Credit Rating Agency prescribed in item (ii); and
- (v) the assumptions, significance and limitations of Credit Ratings.

(Prohibited Acts)

Article 31-25 Acts specified by Cabinet Office Order as prescribed in Article 38, item (viii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are the following acts:

- (i) the acts listed in the items of Article 12;
- (ii) an act of concluding a specific trust agreement without providing the customer (excluding Professional Investors (excluding persons who are deemed to be customers other than Professional Investors pursuant to Article

34-2, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act and including those who are deemed to be Professional Investors pursuant to Article 34-3, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including cases where it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act)); hereinafter the same applies in this item) in advance with the explanation of the matters listed in Article 37-3, paragraph (1), item (v) and (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (when the document set forth in (c) is delivered, the matters that are stated in the document and pertain to the matters listed in items (v) and (vii) of the same paragraph) with regard to the delivery of the following documents in a manner and to the extent necessary for ensuring the understanding of the customer in light of the customer's knowledge, experience, state of property, and purpose of concluding a specific trust agreement:

- (a) the Document to Be Delivered Prior to Conclusion of Contract;
- (b) in the case specified in Article 31-21, paragraph (1), item (ii), the prospectus prescribed in the same item (when there is a document to be delivered as an integral part of the prospectus pursuant to the provisions of the same item, the prospectus and the document); and
- (c) the Contract Change Document;

(iii) soliciting the conclusion or cancellation of a specific trust agreement with a customer (limited to an individual) by making a telephone call on or visiting the customer during the time of the day that would annoy customer.

(Application for Authorization of Change in the Type or the Method of Business)

Article 32 (1) When a Financial Institution engaged in Trust Business intends to obtain the authorization of change in the type or the method of business pursuant to the provisions of Article 3 of the Act, it must submit to the Commissioner of the Financial Services Agency, etc. a written application for authorization by attaching the following documents:

- (i) a written statement of reasons;
  - (ii) the draft business rules reflecting the proposed change;
  - (iii) a comparison table for the existing and amended business rules; and
  - (iv) any other documents containing information that should serve as a reference in conducting the examination prescribed in the following paragraph.
- (2) Upon receipt of the written application for authorization set forth in the

preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to examine whether the application satisfies the following criteria:

- (i) the change proposed in the application will contribute to the improvement of the soundness of the business, property, and profits and losses of the person who made the application (hereinafter referred to as the "Applicant" in this Article);
- (ii) the Applicant is able to perform the business after the change proposed in the application is effected in an appropriate, fair, and efficient manner, in light of the status of securing officers or employees who have sufficient knowledge and experience relevant to Trust Business, the system for ensuring appropriate business management, etc.; and
- (iii) the contents of the application do not impair the interest of the settlor or the beneficiary.

(Granting of Credit to One Person)

Article 33 (1) Items specified by Cabinet Office Order as loans as prescribed in Article 12 of the Order are loans of funds or discounting of bills that are recorded in the loans account in the trust property balance table in appended form 8.

(2) The amount of loans that constitutes the amount of the provision of credit prescribed in Article 12 of the Order is to be calculated by deducting the total of the amounts listed in the following items pertaining to one person from the amount of the loans prescribed in the preceding paragraph (hereinafter referred to as "Loans" in this paragraph) that have been provided to the one person:

- (i) the amount of collateral of a loan within the limit of the amount of the loan secured by the collateral when the collateral comprises the claims pertaining to deposits or savings or Installment Savings (in the case of a Financial Institution set forth in Article 2, item (i) of the Order, Installment Savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act) with the Financial Institution engaged in Trust Business;
- (ii) the amount of collateral within the limit of the amount of a loan secured by the collateral when the collateral comprises national or local government bonds;
- (iii) the amount of collateral within the limit of the amount of a loan secured by the collateral when the collateral comprises insurance claims based on general trade insurance concerning a loss under Article 27, paragraph (2), item (ii) of the Trade and Investment Insurance Act (Act No. 67 of 1950) (when a trade intermediary prescribed in Article 2, paragraph (4) of the same Act sells or leases trade goods based on an intermediary trade contract prescribed in paragraph (3) of that Article, excluding a loss incurred by the



trade intermediary due to the inability to collect purchase monies or lease fees for the trade goods for a reason falling under any of sub items (a) to (e) of Article 27, paragraph (2), item (ii) of the same Act) and trade payment loan insurance concerning a loss incurred by a person who has acquired a claim pertaining to a loan whose proceeds are applied to the payment of the items listed in item (i) or item (iii) of Article 2, paragraph (13) of the same Act to a foreign government, etc., foreign juridical person, or a foreign citizen by a Japanese juridical person or Japanese citizen or a foreign juridical person or foreign citizen prescribed in paragraph (5) of that Article due to the inability to collect the principal or interest on the claim for a reason falling under any of the items of Article 34, paragraph (2) of the same Act, or the amount of insurance claims within the limit of the amount of a loan covered by an overseas untied loan insurance prescribed in Article 54, paragraph (2) of the same Act;

- (iv) the amount of a loan denominated in the Japanese currency to an importer of goods pertaining to the settlement of the import price of the goods (including freight costs or insurance premiums pertaining to the goods) (limited to one that will be due for repayment within six months from the arrival of the shipping documents pertaining to the goods); and
- (v) the amount of insurance claims within the limit of the amount of a loan the obligation of which is guaranteed by a credit guarantee corporation when the guarantee is covered by an insurance provided by Japan Finance Corporation.

(Application for Authorization of Change in the Basic Terms and Conditions for a Standard Trust Agreement)

Article 34 (1) When a Financial Institution engaged in Trust Business intends to obtain the authorization of change in the basic terms and conditions for a standard trust agreement pursuant to the provisions of Article 5, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency, etc. a written application for authorization by attaching the following documents:

- (i) a written statement of reasons;
  - (ii) a document containing the description of the contents and methods of the public notice; and
  - (iii) a document containing the description of the period during which the settler or the beneficiary can state an objection to the proposed change in the basic terms and conditions and the method for processing the stated objections.
- (2) Upon receipt of the written application for authorization set forth in the preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to examine whether the contents of the application involve any risk of

compromising the protection of the beneficiary.

(Public Notice of Change in the Basic Terms and Conditions for a Standard Trust Agreement)

Article 35 The public notice of change in the basic terms and conditions for a standard trust agreement made by a Financial Institution engaged in Trust Business pursuant to the provisions of Article 5, paragraph (1) of the Act must be given by clarifying the following matters by the method of public notice applicable to Financial Institutions engaged in Trust Business:

- (i) the Contents of and the reason for the change;
- (ii) the date of the authorization of the Commissioner of the Financial Services Agency, etc.; and
- (iii) matters concerning the period during which the settler or the beneficiary can state an objection to the proposed change and the method for stating an objection.

(Highest Rate Permitted for a Contract for Filling in of Profits)

Article 36 When a Financial Institution engaged in Trust Business concludes a contract under which the Financial Institution engaged in Trust Business promises in advance filling in of profits up to a certain amount pursuant to the provisions of Article 6 of the Act, the highest rate pertaining to the filling in of profits must not exceed the rate specified by the Commissioner of the Financial Services Agency.

(Trust Agreement under Which Compensation of Losses Can Be Provided)

Article 37 Trust agreements specified by Cabinet Office Order as prescribed in Article 6 of the Act are those other than a trust agreement whose purpose is to invest more than half the amount of trust property pertaining to the trust agreement in assets listed in the following items:

- (i) securities prescribed in Article 2, paragraph (1) (excluding items (xii) and (xiv)) of the Financial Instruments and Exchange Act (including the rights that are deemed to be securities pursuant to the provisions of paragraph (2) of the same Article (excluding the rights listed in items (i) and (ii) of the same paragraph); the same applies in item (v));
- (ii) rights pertaining to Derivatives Transactions;
- (iii) rights pertaining to Transactions on a Commodity Market, Foreign Commodity Market Transactions, and Over-the-Counter Commodity Derivatives Transactions;
- (iv) beneficial interest in a money trust whose purpose is to invest the trust property mainly in the assets listed in the preceding items (excluding that falling under item (i)); and

(v) beneficial interest in a trust in which securities are entrusted.

(Trust Business Report)

Article 38 (1) A Financial Institution engaged in Trust Business must prepare a trust business report on the status of the Trust Business during the period from the beginning of a business year to September 30 in the business year (in the case of a Financial Institution falling under any of items (vii) through (ix) and items (xiii) through (xv) of Article 2 of the Order, to the end of the sixth month after the beginning of the business year) using appended form 7 and submit it to the Commissioner of the Financial Services Agency, etc. within three months after the end of the period.

(2) A Financial Institution engaged in Trust Business must, for each business year, prepare a trust business report on the status of the Trust Business during the period until the end of the business year using appended form 8 and submit it to the Commissioner of the Financial Services Agency, etc. within three months after the end of the business year.

(3) When a Financial Institution engaged in Trust Business is unable to submit a trust business report within the period prescribed in the preceding two paragraphs due to unavoidable circumstances, it may postpone the submission by obtaining the approval of the Commissioner of the Financial Services Agency, etc. in advance.

(4) When a Financial Institution engaged in Trust Business intends to obtain the approval under the preceding paragraph, it must submit a written application for approval to the Commissioner of the Financial Services Agency, etc. by attaching a written statement of reasons.

(5) The following documents must be attached to the trust business report set forth in paragraph (2):

(i) a status table of the entrustment of business prescribed in Article 22, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (excluding the cases of entrustment of businesses listed in the items of Article 22, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act) prepared using appended form 9; and

(ii) a document describing the outline of the transactions prescribed in Article 29, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act.

(Matters to Be Notified)

Article 39 (1) Cases specified by Cabinet Office Order as prescribed in Article 8, paragraph (1), item (iv) of the Act are the following cases:

(i) the case where a Financial Institution engaged in Trust Business has

- become a party to a lawsuit or conciliation pertaining to Trust Business or the lawsuit or conciliation has been concluded;
- (ii) the case where a Financial Institution engaged in Trust Business has come to know that an Agent for Trust Agreement whose entrusting financial institution engaged in trust business (meaning an entrusting financial institution engaged in trust business prescribed in Article 67, paragraph (2) of the Trust Business Act as applied by replacing certain terms pursuant to the provisions of Article 2, paragraph (2) of the Act) is the Financial Institution engaged in Trust Business became a party to a lawsuit or conciliation (limited to one related to the trust agreement agency business pertaining to a trust agreement under which the Financial Institution engaged in Trust Business became is the trustee) or that the lawsuit or conciliation has been concluded; and
  - (iii) the case where a Financial Institution engaged in Trust Business has come to know that any of its officers, employees, the parties to whom it has entrusted Trust Business, or agents (meaning persons acting as an agent or intermediary under entrustment by a Financial Institution engaged in Trust Business for the conclusion of contracts under which the Financial Institution is entrusted with the whole or part of Trust Business; hereinafter the same applies in this item and paragraph (3)) has committed any of the following acts in performing Trust Business pertaining to the Financial Institution:
    - (a) fraud, embezzlement, breach of trust, and other criminal acts;
    - (b) an act that violates the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc. (Act No. 195 of 1954) or the Act on Controlling Unjust Contract Pertaining to Deposit, etc. (Act No. 136 of 1957);
    - (c) an act that violates the Act, the Trust Business Act, or orders based on these Acts;
    - (d) an act of causing a loss of cash, notes, checks, securities or other valuables worth one million yen or more per incidence (including an act of suffering from a theft of and causing a deficiency in these items);
    - (e) an act of causing a loss of one million yen or more to trust property due to inappropriate management;
    - (f) acts falling under or similar to those listed in the preceding items that have occurred overseas and have been reported to the local supervisory authority; and
    - (g) other acts equivalent to those listed in (a) through (f) that hinder or are likely to hinder the appropriate operation of Trust Business by the Financial Institution.
- (2) The notification set forth in item (iii) of the preceding paragraph must be

made within thirty days from the day on which the Financial Institution engaged in Trust Business has come to know the occurrence of the act.

- (3) Cases specified by Cabinet Office Order as prescribed in Article 8, paragraph (2), item (ii) of the Act are cases where the Financial Institution engaged in Trust Business has established or abolished an agent or intends to change the contents of the business conducted by the agent.
- (4) When a Financial Institution engaged in Trust Business intends to make a notification under the preceding paragraph, it must submit a written notice to the Commissioner of the Financial Services Agency, etc. by attaching the following documents:
- (i) a written statement of reasons;
  - (ii) when the Financial Institution engaged in Trust Business intends to establish an agent, a draft agency contract containing the contents of the business to be conducted by the agent; and
  - (iii) other documents containing information that should serve as a reference.

(Public Notice of Discontinuance of Trust Business)

- Article 40 (1) The public notice prescribed in Article 8, paragraph (3) of the Act must be made by, beyond the method by publishing in the official gazette, the method by publishing in a daily newspaper that publishes matters on current events or by Electronic Public Notice (meaning Electronic Public Notice prescribed in Article 2, item (xxxiv) of the Companies Act).
- (2) The public notice prescribed in Article 8, paragraph (3) of the Act must be made with regard to the following matters:
- (i) when a Financial Institution engaged in Trust Business intends to abolish its Trust Business, implement a merger, dissolve due to reasons other than merger or the decision of commencement of bankruptcy proceedings, have all or part of its Trust Business succeeded to through a company split, or transfer all of part of its Trust Business, the scheduled date; and
  - (ii) the method for processing the trust relationship that a Financial Institution engaged in Trust Business has accepted.
- (3) The notification prescribed in Article 8, paragraph (4) of the Act is to be made by a document containing the following matters:
- (i) contents of public notice;
  - (ii) method of giving public notice; and
  - (iii) date of public notice.
- (4) When the public notice prescribed in Article 8, paragraph (3) of the Act is given by Electronic Public Notice, it must be given by Electronic Public Notice continuously throughout a period until the date prescribed in paragraph (2), item (i).

(Lapse of Authorization)

Article 41 (1) When a Financial Institution intends to obtain the approval under Article 11, item (iv) of the Act, it must submit a written application for approval to the Commissioner of the Financial Services Agency by attaching a written statement of reasons.

(2) Upon receipt of the written application for approval set forth in the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether the application satisfies the following criteria:

- (i) there is a reason that is found to be unavoidable for the inability to execute the authorized matters within six months from the date of authorization granted pursuant to the provisions of the Act;
- (ii) it is expected that the Financial Institution is able to execute the authorized matters within a reasonable period; and
- (iii) it is expected that the matters that constituted a basis for the examination conducted at the time of the authorization will not change materially by the time the authorized matters are expected to be executed.

(Public Notice of Supervisory Disposition)

Article 42 The public notice of the supervisory disposition prescribed in Article 12 of the Act is to be given in the official gazette.

(Calculation of Proportion)

Article 42-2 The proportion prescribed in Article 12-2, paragraph (1), item (viii) of the Act is to be calculated by dividing the number of Financial Institutions engaged in Trust Business that stated an objection (limited to one to which a reasonable ground has been attached), by submitting to the person intending to make an application under the same paragraph a document stating whether there is an objection to the contents of the Operational Rules (meaning the Operational Rules prescribed in item (vii) of the same paragraph; hereinafter the same applies in this Article, paragraph (1) of the following Article, and Article 42-14, paragraph (2)) and the contents of and the reason for the objection, if any (referred to as "Written Opinion" in the following Article), to the matters concerning the cancellation of a basic contract for execution of procedures (meaning a basic contract for execution of procedures prescribed in Article 12-2, paragraph (1), item (viii) of the Act; hereinafter the same applies in this Article and Article 42-14) and other contents of a basic contract for execution of procedures (excluding the matters listed in the items of Article 85-7, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act) and other contents of the Operational Rules (excluding matters required to be included in the contents of the Operational Rules by the provisions of Article 85-7, paragraph (3) of the Trust Business Act

as applied mutatis mutandis pursuant to Article 12-4 of the Act and matters necessary for complying with the criteria listed in the items of Article 85-7, paragraph (4) of the Trust Business Act and paragraph (5), item (i) of the same Article as applied mutatis mutandis pursuant to Article 12-4 of the Act) by the number of Financial Institutions engaged in Trust Business published by the Commissioner of the Financial Services Agency as of the day on which the person intending to make an application delivered or sent the Operational Rules, etc. prescribed in paragraph (1), item (ii) of the following Article (if they are delivered or sent in two or more days, the latest of such days; the same applies in Article 42-5) (referred to as "All Financial Institutions engaged in Trust Business" in the following Article and Article 42-6, paragraph (2)).

(Hearing of Opinions from Financial Institutions Engaged in Trust Business)  
Article 42-3 (1) When a person intending to make an application under Article 12-2, paragraph (1) of the Act, pursuant to the provisions of paragraph (2) of the same Article, provides Financial Institutions engaged in Trust Business with explanation of the contents of the Operational Rules and conduct a hearing of opinions from them with regard to whether there is any objection to the contents (including grounds for objection when there is any objection), it must do so by holding an explanation meeting in accordance with the following items:

- (i) the date and time and place of the explanatory meeting are determined in consideration of the convenience of All Financial Institutions engaged in Trust Business;
- (ii) a person intending to make the application delivers or sends to All Financial Institutions engaged in Trust Business a document containing the following matters and the Operational Rule (referred to as "Operational Rules, etc." in Article 42-5 and Article 42-6, paragraph (2)) by two weeks prior to the date of the explanatory meeting (when two or more explanatory meetings are held, the date of the earliest explanatory meeting):
  - (a) the trade name or other name of the person intending to make an application, the location and telephone number of its principal business office or office, and other contact addresses;
  - (b) the date and time and the place of the explanatory meeting; and
  - (c) a statement to the effect that Financial Institutions engaged in Trust Business are required to submit a Written Opinion to the person intending to make an application within a certain period from the date of the explanatory meeting (when two or more explanatory meetings are held, the date of the latest explanatory meeting); and
- (iii) a certain period referred to in (c) of the preceding item does not be less than two weeks.

- (2) A document stating the result prescribed in Article 12-2, paragraph (2) of the Act must contain all of the following matters:
- (i) the date and time and the place of all explanatory meetings;
  - (ii) attendance or absence of All Financial Institutions engaged in Trust Business in the explanatory meeting(s);
  - (iii) submission or non-submission of Written Opinion of All Financial Institutions engaged in Trust Business in the explanatory meeting(s);
  - (iv) whether each of the Written Opinion submitted contained an objection; and
  - (v) when a Written Opinion submitted contains an objection that does not constitute an objection prescribed in Article 12-2, paragraph (1), item (viii) of the Act, a statement to that effect and the grounds for that judgment.
- (3) All the Written Opinions submitted by Financial Institutions engaged in Trust Business are to be attached to the document set forth in the preceding paragraph.

(Matters to Be Prescribed by the Operational Rules)

Article 42-4 Matters specified by Cabinet Office Order as prescribed in Article 12-3, paragraph (1), item (viii) of the Act are the following matters:

- (i) matters pertaining to the business hours and holidays of Business of Dispute Resolution, etc. (meaning Business of Dispute Resolution, etc. prescribed in Article 12-2, paragraph (1) of the Act; hereinafter the same applies);
- (ii) name and location of business office or office and matters concerning the area in which the business office or office conducts Business of Dispute Resolution, etc.;
- (iii) matters concerning the system of supervision of employees engaging in Business of Dispute Resolution, etc.;
- (iv) when the business of Complaint Processing Procedures (meaning Complaint Processing Procedures prescribed in Article 12-2, paragraph (1) of the Act; the same applies in Article 42-10) or Dispute Resolution Procedures (Dispute Resolution Procedures prescribed in the same paragraph; the same applies in Article 42-7, Article 42-12, paragraph (2), and Article 42-13) is entrusted to a third party, matters concerning such entrustment; and
- (v) other matters necessary for Business of Dispute Resolution, etc.

(Submission of Written Application for Designation)

Article 42-5 The written application for designation prescribed in Article 85-3, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act must be submitted within three months from the day on which the Financial Institution engaged in Trust Business delivered or sent the Operational Rules, etc.



(Documents to Be Attached to Written Application for Designation)

Article 42-6 (1) Documents specified by Cabinet Office Order as prescribed in Article 85-3, paragraph (2), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:

(i) the balance sheet, income and expenditure statement or profit and loss statement, and inventory of property, or other documents equivalent thereto for the business year immediately preceding the business year that includes the date of the application under Article 12-2, paragraph (1) of the Act (when the person intending to obtain the designation under the same paragraph (referred to as the "Applicant" in paragraph (3)) is a juridical person (meaning a juridical person prescribed in paragraph (1), item (i) of the same Article; the same applies in Article 42-11, paragraph (3), item (iii)) established in the business year that includes the date of the application, the inventory of property as of the date of establishment or other documents equivalent thereto); and

(ii) a document stating the expected income and expenditure after the designation under Article 12-2, paragraph (1) of the Act is granted.

(2) Documents specified by Cabinet Office Order as prescribed in Article 85-3, paragraph (2), item (vi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:

(i) the Operational Rules, etc. delivered or sent to All Financial Institutions engaged in Trust Business pursuant to the provisions of Article 42-3, paragraph (1), item (ii);

(ii) a document proving the date on which the Operational Rules, etc. were delivered or sent to All Financial Institutions engaged in Trust Business and the method used for delivering or sending them; and

(iii) if Operational Rules, etc. have been sent to Financial Institutions engaged in Trust Business, documents proving the matters specified in the following (a) or (b) for the categories of cases respectively prescribed therein as facts pertaining to the arrival or non-arrival of the Operational Rules, etc. at the Financial Institutions engaged in Trust Business:

(a) in the case of arrival: The date of arrival; and

(b) in the case of non-arrival: The cause for the non-arrival of the Operational Rules, etc. that were sent by an ordinary method for sending documents.

(3) Documents specified by Cabinet Office Order as prescribed in Article 85-3, paragraph (2), item (vii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following documents:

(i) a document containing the name or trade name or other name and address

- of a person who holds five percent or more of the Voting Rights Held by All the Shareholders, etc. (meaning voting rights of all shareholders, all members, all partners, or all equity investors; the same applies in the following item and Article 42-14, paragraph (2)) of the Applicant, the location of its principal business office or office, and the number of the voting rights held by such person;
- (ii) a document containing the trade name or other name of the Parent Juridical Person (meaning a juridical person or other organization holding a majority of the Voting Rights Held by All the Shareholders, etc. of the Applicant) and Subsidiary Juridical Persons (meaning juridical persons or other organizations a majority of whose Voting Rights Held by All the Shareholders, etc. is held by the Applicant) of the Applicant, the location of their principal business office or office, and a description of the contents of their business;
  - (iii) an extract of the certificate of residence of officers (in the case of an officer who is an juridical person, including the person who is to perform such duties; the same applies in this paragraph, Article 42-8, and Article 42-9) or any substitute thereof (in the case of an officer who is an juridical person, a certificate of registered matters of the officer);
  - (iv) a certificate by a public agency to the effect that the officers do not fall under Article 12-2, paragraph (1), item (iv), sub-item (a) or (b) of the Act (in the case of an officer without Japanese nationality, a document with which such officer pledges to the effect that the officer does not fall under sub-item (a) or (b) of the same item);
  - (v) curriculum vitae of officers (in the case of an officer who is a juridical person, a document containing the history of the officer);
  - (vi) a document containing a description of the status of securing the candidates for Dispute Resolution Committee Members (meaning Dispute Resolution Committee Members prescribed in Article 85-4, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, the same applies in Article 42-12, paragraph (2), item (iii)) and officers and employees who have knowledge and experience relevant to Business of Dispute Resolution, etc. (hereinafter referred to as "Officers, etc." in this item, the following item, and Article 42-14) and a description of the status of the assignment of the Officers, etc.;
  - (vii) a document with which each of the Officers, etc. pledges to the effect that each of them is not an organized crime group member (meaning an organized crime group member prescribed in Article 85-9 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act; the same applies in Article 42-14, paragraph (1), item (ii)); and
  - (viii) other documents containing information that should serve as a reference.

(Contents of Basic Contract for Execution of Procedures)

Article 42-7 Matters specified in Cabinet Office Order as prescribed in Article 85-7, paragraph (2), item (xi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are to be that a Designated Dispute Resolution Organization (meaning Designated Dispute Resolution Organization prescribed in Article 12-2, paragraph (1), item (viii) of the Act; the same applies in the following Article through Article 42-10 and Article 42-12 through Article 42-15) may investigate the status of the performance of the obligations prescribed in the settlement reached as a result of Dispute Resolution Procedures if such investigation is requested by a customer of a Member Financial Institution (meaning Member Financial Institution prescribed in Article 12-3, item (iv) of the Act; hereinafter the same applies) that is a party to the procedures and recommend to the Member Financial Institution that it perform its obligations.

(Substantial Controllers)

Article 42-8 Persons specified by Cabinet Office Order as those who substantially have control over a Designated Dispute Resolution Organization's business or have a major impact on the Designated Dispute Resolution Organization's business through ownership of shares in the Designated Dispute Resolution Organization, financing to the Designated Dispute Resolution Organization or any other causes as prescribed in Article 85-7, paragraph (4), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the persons listed in the following items who are found, in light of the nature of the business relationship with the Designated Dispute Resolution Organization, to be not clearly unable to control the decision on the business policy of the Designated Dispute Resolution Organization and unable to have material influence on the business of the Designated Dispute Resolution Organization:

- (i) a specific person when the total number of voting rights held by the specific person on its own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the specific person due to a close relationship therewith in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the specific person (including the case where the specific person does not hold any voting rights on its own account) constitutes not less than one-third of the voting rights of a Designated Dispute Resolution Organization;
- (ii) a person who is or was an officer of a Designated Dispute Resolution

Organization;

- (iii) a relative within the third degree of kinship of an officer of a Designated Dispute Resolution Organization;
- (iv) a person whose representative person (including the representative person or administrator of an organization without judicial personality for which a representative person or administrator has been designated; the same applies in item (iv) of the following Article) falls under any of the preceding two items;
- (v) a person of which not less than one-third of the officers of a Designated Dispute Resolution Organization are or were the officers or employees;
- (vi) a person who has concluded with a Designated Dispute Resolution Organization a contract that controls the decision on the business policy of the Designated Dispute Resolution Organization;
- (vii) a specific person when the specific person provides a loan (including guarantee of obligations and provision of collateral; hereinafter the same applies in this item and item (vii) of the following Article) that constitutes one-third or more of the total amount of the procured funds of a Designated Dispute Resolution Organization (limited to those stated in the liability section of the balance sheet; hereinafter the same applies in this item and item (vii) of the same Article) (including the case where the amount of such loan constitutes one-third or more of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the specific person in terms of contribution, personnel affairs, funds, technology, transactions or other matters);
- (viii) beyond those listed in the preceding items, a person when there are circumstances suggesting that the person controls the decision on the business policy of a Designated Dispute Resolution Organization;
- (ix) a specific person when the specific person has the same relationship with a person falling under any of the preceding items (excluding items (ii) through (iv); hereinafter the same applies in this item) as the relationship the person falling under any of the preceding items has with a Designated Dispute Resolution Organization respectively prescribed in the preceding items; and
- (x) a specific person when a person falling under any of items (i) through (viii) has the same relationship with the specific person as the relationship a Designated Dispute Resolution Organization has with a person falling under any of items (i) and (v) through (viii) of the following Article respectively prescribed in those items.

(Subsidiary Company)

Article 42-9 Persons specified by Cabinet Office Order as those whose business is substantially controlled by a Designated Dispute Resolution Organization

through ownership of shares or any other causes as prescribed in Article 85-7, paragraph (4), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the persons listed in the following items whose decision on their own business policy is found, in light of the nature of the business relationship with the Designated Dispute Resolution Organization, to be not clearly unable to be controlled by the Designated Dispute Resolution Organization:

- (i) when the total number of voting rights held by a Designated Dispute Resolution Organization on its own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the Designated Dispute Resolution Organization due to a close relationship therewith in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the Designated Dispute Resolution Organization (including the case where the Designated Dispute Resolution Organization does not hold any voting rights on its own account) constitutes not less than one-third of the voting rights of another juridical person or organization without judicial personality for which a representative person or administrator has been designated (hereinafter referred to as "Juridical Person, etc." in this item and item (v)), the relevant other Juridical Person, etc.;
- (ii) a person who is or was an officer or employee of a Designated Dispute Resolution Organization;
- (iii) a relative within the third degree of kinship of an officer of a Designated Dispute Resolution Organization;
- (iv) a person whose representative person falls under any the preceding two items;
- (v) when persons falling under item (ii) constitutes one-third or more of the officers of another Juridical Persons, etc., the relevant other Juridical Persons, etc.;
- (vi) a specific person if a Designated Dispute Resolution Organization has concluded with the specific person a contract that controls the decision on the business policy of the specific person;
- (vii) a specific person when a Designated Dispute Resolution Organization provides a loan that constitutes one-third or more of the total amount of the procured funds of the specific person (including the case where the amount of such loan constitutes one-third or more of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the Designated Dispute Resolution Organization in terms of contribution, personnel affairs, funds, technology, transactions or other matters);

- (viii) beyond those listed in the preceding items, a specific person when there are circumstances suggesting that a Designated Dispute Resolution Organization controls the decision on the business policy of the specific person; and
- (ix) a specific person when a person falling under any of the preceding items has the same relationship with the specific person as the relationship a Designated Dispute Resolution Organization has with the person falling under any of the preceding items (excluding items (ii) through (iv); hereinafter the same applies in this item) respectively prescribed in the preceding items.

(Matters to Be Stated in the Records Pertaining to Complaint Processing Procedures)

Article 42-10 (1) A Designated Dispute Resolution Organization must, pursuant to the provisions of Article 85-11 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, prepare records containing the following matters with regard to the Complaint Processing Procedures that it performed:

- (i) the date of filing of a petition for resolution of Complaints Related to Specific Concurrent Business (meaning Complaints Related to Specific Concurrent Business prescribed in Article 12-2, paragraph (4) of the Act; the same applies in paragraph (3), item (iii) of the following Article) by a customer of a Member Financial Institution and the contents of the petition;
  - (ii) the name or trade name or other name of the customer who filed the petition set forth in the preceding item and its agent and the trade name of the Member Financial Institution;
  - (iii) the particulars of Complaint Processing Procedures followed; and
  - (iv) the result of Complaint Processing Procedures (including the reason for and the date of the termination of Complaint Processing Procedures).
- (2) A Designated Dispute Resolution Organization must preserve the records containing the matters prescribed in the preceding paragraph at least for a period of five years from the date of termination of the Complaint Processing Procedures that it performed.

(Dispute Resolution Committee Member's Interest)

Article 42-11 (1) Persons who have an interest in a party prescribed in Article 85-5, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act pertaining to the petition set forth in Article 85-13, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act as prescribed in Article 85-13, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4

of the Act (hereinafter simply referred to as the "Party") are the persons falling under any of the following:

- (i) a person who is or was a spouse of the Party;
  - (ii) a person who is or was a blood relative within the fourth degree of kinship of the Party or a relative by affinity or relative living together within the third degree of kinship of the Party;
  - (iii) a guardian, supervisor of guardian, curator, supervisor of the curator, assistant, or supervisor of the assistant of the Party;
  - (iv) a person who is or was an agent or assistant of the Party with regard to a Dispute Related to Specific Concurrent Business (meaning Dispute Related to Specific Concurrent Business prescribed in Article 12-2, paragraph (4) of the Act; the same applies in the following Article) pertaining to the petition; and
  - (v) a person who receives income from the Party through the provision of services or a person for whom three years have not elapsed since the day on which the person no longer receives such income from the Party.
- (2) Persons specified by Cabinet Office Order as prescribed in Article 85-13, paragraph (3), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the persons who have any of the following qualifications and have engaged in the business of responding to Consumer Affairs Consultation (meaning Consumer Affairs Consultation prescribed in Article 13, paragraph (3), item (v), sub-item (a) of the Consumer Contract Act (Act No. 61 of 2000)) for a period of not less than five years in total:
- (i) qualification as certified consumer affairs counselor granted by National Consumer Affairs Center of Japan;
  - (ii) qualification as certified consumer affairs advisor granted by the Japan Industrial Association; and
  - (iii) qualification as certified consumer affairs consultant granted by the Japan Consumers' Association.
- (3) Persons specified by Cabinet Office Order as prescribed in Article 85-13, paragraph (3), item (v) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following persons:
- (i) a person who has held one or more of the following positions for a period of not less than five years in total:
    - (a) judge;
    - (b) assistant judge;
    - (c) prosecutor;
    - (d) attorney at law; or
    - (e) professor or associate professor of a subject in the category of jurisprudence in a department, major course, or graduate school of a

- university under the School Education Act (Act No. 26 of 1947);
- (ii) a person who has held one or more of the following positions for a period of not less than five years in total:
  - (a) certified public accountant;
  - (b) licensed tax accountant; or
  - (c) professor or associate professor of a subject in the category of economics or commercial science in a department, major course, or graduate school of a university under the School Education Act;
- (iii) a person who has engaged in research, guidance, recommendation, establishment of rules or other business necessary for ensuring customer protection in a juridical person engaging in the business of processing Complaints Related to Specific Concurrent Business or a business related to the processing of Complaints Related to Specific Concurrent Business for a period of not less than ten years in total; and
- (iv) a person found by the Commissioner of the Financial Services Agency to have knowledge and experience that is at least equivalent to that of a person falling under any of the preceding three items.

(Explanation to Customers of a Member Financial Institution That Is a Party to a Dispute Related to Specific Concurrent Business)

Article 42-12 (1) In providing the explanation prescribed in Article 85-13, paragraph (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, a Designated Dispute Resolution Organization must provide the explanation by delivering a document when delivery of such document is requested by a customer of a Member Financial Institution that is a party to a Dispute Related to Specific Concurrent Business.

(2) Matters specified by Cabinet Office Order as prescribed in Article 85-13, paragraph (8), item (iii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following matters:

- (i) the method of the treatment of secret of the party to a Dispute Related to Specific Concurrent Business and a third party included in the opinions stated or the materials submitted or presented in Dispute Resolution Procedures or described in the procedure operation records prescribed in Article 85-13, paragraph (9) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act (referred to as "Procedure Operation Records" in paragraph (1) of the following Article);
- (ii) the requirements and the method for the party to a Dispute Related to Specific Concurrent Business to terminate Dispute Resolution Procedures;
- (iii) a statement to the effect that when Dispute Resolution Committee Members has determined that a settlement cannot expected to be reached between the parties to a Dispute Related to Specific Concurrent Business by



way of Dispute Resolution Procedures, they will promptly terminate the Dispute Resolution Procedures and notify the parties of the Dispute Related to Specific Concurrent Business of that effect; and

(iv) whether any document will be prepared when a settlement is reached between the parties to a Dispute Related to Specific Concurrent Business and if such document is prepared, the outline pertaining to the preparation of the document including the preparer and the number of copies to be prepared.

(Preservation and Preparation of Procedure Operation Records)

Article 42-13 (1) A Designated Dispute Resolution Organization must preserve the Procedure Operation Records at least for a period of ten years from the date of termination of the Dispute Resolution Procedures that it performed.

(2) Matters specified by Cabinet Office Order as prescribed in Article 85-13, paragraph (9), item (vi) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following matters:

- (i) the contents of the petition for Dispute Resolution Procedures;
- (ii) when a Special Conciliation Recommendation (meaning Special Conciliation Recommendation prescribed in Article 85-7, paragraph (6) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act; hereinafter the same applies in this item) is presented in Dispute Resolution Procedures, the contents of the Special Conciliation Recommendation and the date of its presentation; and
- (iii) if a settlement has been reached as a result of Dispute Resolution Procedures, the contents of the settlement.

(Matters to Be Notified by Designated Dispute Resolution Organization)

Article 42-14 (1) When a Designated Dispute Resolution Organization intends to make a notification pursuant to the provisions of Article 85-19 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act, it must submit a written notice to the Commissioner of the Financial Services Agency by attaching a written statement of reasons and any other documents containing information that should serve as a reference (including the matters prescribed in the following items for the cases respectively prescribed therein):

- (i) in the case specified in Article 85-19, item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act: The date of conclusion or termination of a basic contract for execution of procedures and the name of the Financial Institution engaged in Trust Business;
- (ii) in the case specified in item (vi) of the following paragraph: Pledges by each of the persons who became officers, etc. to the effect that each of them is not an organized crime group member;

- (iii) in the case specified in item (vii) of the following paragraph: The reason why it is expected to be uncertain that the Financial Institution engaged in Trust Business will perform the obligations pertaining to the basic contract for execution of procedures and other obligations pertaining to the performance of Business of Dispute Resolution, etc. and the trade name of the Financial Institution engaged in Trust Business; and
- (iv) in the case specified in item (viii) or item (ix) of the following paragraph: The following matters:
  - (a) the name of the business office or office at which such act occurred;
  - (b) the name or the trade name or other name and the title of the Officer, etc. who committed such act;
  - (c) outline of such act; and
  - (d) remediation measures.
- (2) Cases specified by Cabinet Office Order as prescribed in Article 85-19, item (ii) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act are the following cases:
  - (i) the case where a Designated Dispute Resolution Organization has amended the Articles of Incorporation or any other rules equivalent thereto;
  - (ii) the case where the Parent Juridical Person (meaning a juridical person or other organization holding a majority of Voting Rights Held by All the Shareholders, etc. of a Designated Dispute Resolution Organization; the same applies in the following item) or a Subsidiary Juridical Person (meaning a juridical person or other organization a majority of whose Voting Rights Held by All the Shareholders, etc. is held by a Designated Dispute Resolution Organization; the same applies in item (iv)) has changed its trade name or other name, the location of its principal business office or office, or the contents of its business;
  - (iii) the case where the Parent Juridical Person has ceased to be the Parent Juridical Person;
  - (iv) the case where a Subsidiary Juridical Person has ceased to be a Subsidiary Juridical Person or the case where a Designated Dispute Resolution Organization has come to acquire or hold voting rights of a Subsidiary Juridical Person;
  - (v) the case where voting rights constituting more than five percent of Voting Rights Held by All the Shareholders, etc. have come to be acquired or held by one person;
  - (vi) the case where there is a person who has newly become an Officer, etc. of a Designated Dispute Resolution Organization after it submitted the written application for designation set forth in Article 85-3, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act;

- (vii) the case where a Designated Dispute Resolution Organization has received, but rejected, a request for conclusion of a basic contract for execution of procedures from a Financial Institution engaged in Trust Business;
  - (viii) the case where a Designated Dispute Resolution Organization has come to know that an Officer, etc. of the Designated Dispute Resolution Organization or a third party to whom the Designated Dispute Resolution Organization has entrusted business committed an act that violates laws and regulations or the Operational Rules of the Designated Dispute Resolution Organization in performing Business of Dispute Resolution, etc. (in the case of a third party to whom the Designated Dispute Resolution Organization has entrusted business, limited to that pertaining to the business entrusted by the Designated Dispute Resolution Organization); and
  - (ix) the case where a Designated Dispute Resolution Organization has come to know that a Member Financial Institution or an Officer, etc. of the Member Financial Institution committed an act that violates the Operational Rules of the Designated Dispute Resolution Organization.
- (3) The notification in cases falling under item (viii) or item (ix) of the preceding paragraph must be made within one month from the day on which a Designated Dispute Resolution Organization has come to know the fact prescribed in these provisions.

(Submission of Report on Business of Dispute Resolution, etc.)

- Article 42-15 (1) The written report on Business of Dispute Resolution, etc. to be prepared by a Designated Dispute Resolution Organization pursuant to the provisions of Article 85-20, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act must be prepared using appended form 10 and submitted within three months from the end of the relevant business year.
- (2) The inventory of property, balance sheet, income and expenditure statement or profit and loss statement, or any other documents equivalent thereto pertaining to the last business year must be attached to the written report set forth in the preceding paragraph.
  - (3) When a Designated Dispute Resolution Organization is unable to submit a written report set forth in paragraph (1) within the period prescribed in the same paragraph due to unavoidable circumstances, it may postpone the submission by obtaining the approval of the Commissioner of the Financial Services Agency in advance.
  - (4) When a Designated Dispute Resolution Organization intends to obtain the approval under the preceding paragraph, it must submit a written application for approval to the Commissioner of the Financial Services Agency by attaching a written statement of reasons.

- (5) Upon receipt of the written application for approval set forth in the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether there is a reason that is found to be unavoidable for the postponement of the submission under paragraph (3) by the Designated Dispute Resolution Organization that made the application.

(Government Agency through Which to Submit Written Application)

Article 43 (1) When a Financial Institution intends to submit to the Prime Minister, etc. or the Commissioner of the Financial Services Agency the written application prescribed in Article 1, paragraph (1), Article 2, and Article 41, paragraph (1), it must submit the written application through the Director-General of the Local Finance Bureau having jurisdiction over the location of the head office or the principal office of the Financial Institution (or through the Director General of the Fukuoka Local Finance Branch Bureau when the location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau (excluding the jurisdiction of an office of a Local Finance Bureau) or through the head of an office of a Local Finance Bureau when the location is within the jurisdiction of an office of a Local Finance Bureau); provided, however, that this does not apply to the written application, etc. designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 18, paragraph (1) of the Order or otherwise determined by the Commissioner of the Financial Services Agency.

- (2) When a Financial Institution intends to submit a document, written application, etc. prescribed by the Act, the Order, or this Cabinet Office Order to the Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau, if there is a head of an office of a Local Finance Bureau having jurisdiction over the head office of the Financial Institution, it must submit the document, written application, etc. through the head of an office of a Local Finance Bureau.

(Preliminary Examination)

Article 44 When a Financial Institution engaged in Trust Business intends to obtain authorization pursuant to the provisions of the Act (excluding the authorization for engagement in Trust Business prescribed in Article 1, paragraph (1) of the Act), it may request preliminary examination by submitting to the Commissioner of the Financial Services Agency, etc. documents equivalent to those required to be submitted to the Commissioner of the Financial Services Agency, etc. in making an application for the authorization.

(Standard Processing Period)

Article 45 (1) The Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to process any application for authorization, approval, or designation made pursuant to the provisions of the Act, the Order, or this Cabinet Office Order (excluding those pertaining to preliminary examination) within one month from the day on which the application has arrived at the office; provided, however, that they are to endeavor to process an application for designation prescribed in Article 12-2, paragraph (1) of the Act within two months.

(2) The period prescribed in the preceding paragraph is not to include the following period:

- (i) the period required to amend the application;
- (ii) the period required for the applicant to change the contents of the application; and
- (iii) the period required for the applicant to add materials that are found to be necessary for the examination pertaining to the application.

Appended Table (Re: Article 21, Paragraph (3))

Type of books;	Matters to be stated	Instructions	Comment
Trust account ledger	Account name, date of recording, debit amount, credit amount, and balance	In the debit column and the credit column, record the status of the changes in each account.	When a daily trial balance in which changes and the balance of the accounts of the trust account ledger are recorded on a daily basis is prepared, such daily trial balances bound together may be substituted for the trust account ledger.
General ledger	Account name, date of recording, debit amount, credit amount, and balance	In the account name column, list the accounts indicated in the forms of balance sheet and profit and loss statement taken from the business report. In the debit column and the credit column, record the status of the changes in each account.	When a daily trial balance in which changes and the balance of the accounts of the general ledger are recorded on a daily basis is prepared, such daily trial balances bound together may be substituted for the general ledger.